

John Zerwas
Chairman



Oscar Longoria
Vice-Chair

TEXAS HOUSE OF REPRESENTATIVES COMMITTEE ON APPROPRIATIONS

AGENDA

SUBCOMMITTEE ON ARTICLE II

CHAIR SARAH DAVIS
MONDAY, FEBRUARY 11 , 2019
8:00 A.M.
JHR ROOM 120

I. CALL TO ORDER

II. CHAIR'S OPENING REMARKS

III. HEALTH AND HUMAN SERVICES COMMISSION

Legislative Budget Board

- Elizabeth Prado, Manager
- Leora Rodell, Manager, Health and Human Services Data Analysis
- Samantha Brock, Analyst
- Mike Diehl, Analyst
- Rustin Dudley, Analyst

State Auditor's Office

- Audrey O'Neill, Audit Manager
- Willie Hicks, Project Manager

Health and Human Services Commission

- Dr. Courtney N. Phillips, Executive Commissioner
- Trey Wood, Chief Financial Officer
- Victoria Ford, Chief Policy Officer and Interim Chief Operating Officer, Health and Human Services Commission
- Stephanie Muth, State Director of Medicaid

Texas Civil Commitment Office

- Marsha McLane, Executive Director
- David Flores, Chief Financial Officer

IV. PUBLIC TESTIMONY

V. ADJOURN

Health and Human Services Commission
Summary of Recommendations - House

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Dr. Courtney N. Phillips, Executive Commissioner

LBB Analysts - Samantha Brock, Michael Diehl, Rustin Dudley

Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$30,417,132,093	\$29,178,413,096	(\$1,238,718,997)	(4.1%)
GR Dedicated Funds	\$197,068,511	\$163,216,702	(\$33,851,809)	(17.2%)
Total GR-Related Funds	\$30,614,200,604	\$29,341,629,798	(\$1,272,570,806)	(4.2%)
Federal Funds	\$43,610,435,443	\$46,418,186,136	\$2,807,750,693	6.4%
Other	\$2,156,820,252	\$1,681,989,028	(\$474,831,224)	(22.0%)
All Funds	\$76,381,456,299	\$77,441,804,962	\$1,060,348,663	1.4%

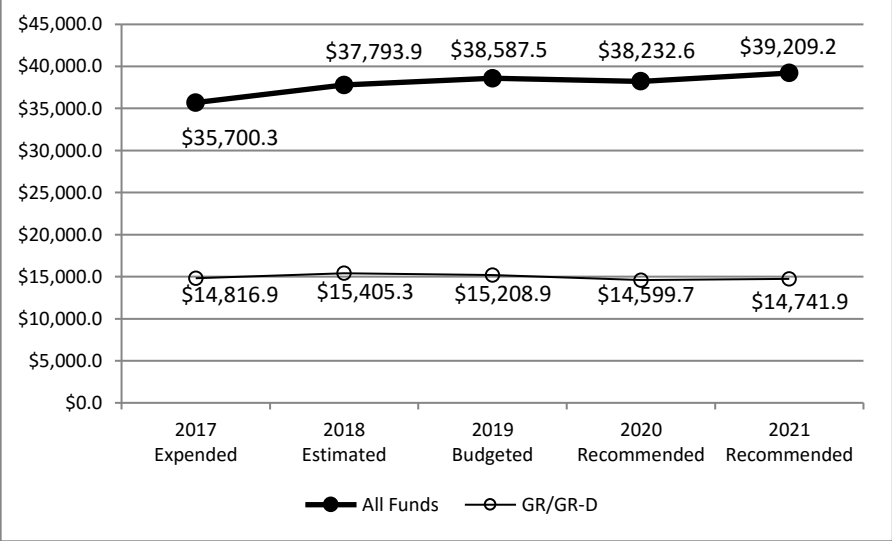
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	39,809.4	38,057.4	(1,752.0)	(4.4%)

Agency Budget and Policy Issues and/or Highlights

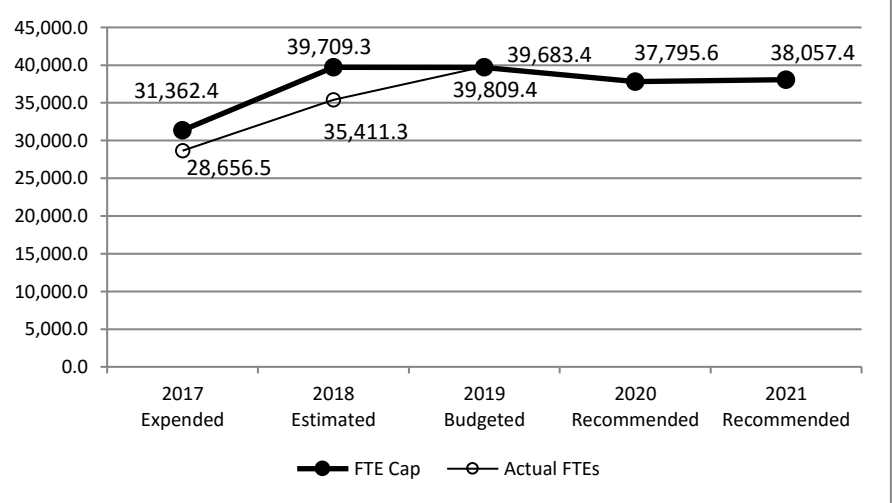
The Health and Human Services Commission Office of Inspector General (OIG) is under Strategic Fiscal Review (SFR) for the Eighty-sixth Legislative Session. This packet incorporates SFR findings for OIG. For additional details about OIG, including fiscal and policy issues, rider recommendations, and SFR findings, see the presentation titled *Health and Human Services Commission - Office of Inspector General: Summary of Recommendations - House*.

The bill pattern for this agency (2020-21 Recommended) represents an estimated 81.9% of the agency's estimated total available funds for the 2020-21 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Note: Fiscal year 2017 expenditures and FTEs reflect DARS, DADS, and HHSC programs but do not reflect DSHS programs that did not transfer until fiscal year 2018 pursuant to SB 200, Eighty-fifth Legislature, 2015.

Health and Human Services Commission
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	LBB Forecast - Medicaid	(\$1,370.7)	(\$22.3)	\$3,345.8	(\$0.4)	\$1,952.4	Goal A
B)	LBB Forecast - Children's Health Insurance Program (CHIP)	\$314.3	\$0.0	(\$127.5)	\$0.0	\$186.8	Goal C
C)	Federal Funding Changes - Opioid State Targeted Assistance	\$0.0	\$0.0	(\$92.5)	\$0.0	(\$92.5)	7 Strategies
D)	Expand Outpatient Mental Health Treatment Capacity for Children	\$11.0	\$0.0	\$0.8	\$0.0	\$11.8	D.2.2.
E)	Maintain Mental Health Grant Programs at Fiscal Year 2019 Service Levels	\$22.7	\$0.0	\$0.0	\$0.0	\$22.7	D.2.3.
F)	Maintain Mental Health State Hospitals at Fiscal Year 2018 Service Levels	\$27.4	\$0.0	\$0.0	\$0.8	\$28.2	G.2.1.
G)	Staffing and Operation of Increased Capacity at San Antonio, Kerrville, and Rusk State Hospitals	\$27.6	\$0.0	\$0.0	\$0.0	\$27.6	G.2.1.
H)	One-time Funding - State Hospital Construction	\$0.0	\$0.0	\$0.0	(\$300.0)	(\$300.0)	G.4.2.
I)	Reduced Census, Contract Savings, and Federal Funding Changes at the State Supported Living Centers	(\$49.7)	\$0.0	\$44.3	\$0.0	(\$5.4)	G.1.1.
J)	Program Discontinuation - Office of Minority Health Statistics & Engagement	(\$0.7)	\$0.0	(\$0.7)	(\$0.9)	(\$2.3)	F.3.3.
K)	Full Biennium of Healthy Texas Women 1115 Demonstration Waiver	(\$58.5)	\$0.0	\$58.5	\$0.0	\$0.0	D.1.1.
L)	LBB Forecast - Early Childhood Intervention (ECI)	\$0.0	\$0.0	\$4.2	\$0.0	\$4.2	D.1.3.
M)	Pediatric Tele-connectivity Resource Program for Rural Texas Grants	\$2.7	\$0.0	\$3.1	\$0.0	\$5.8	D.1.10.
N)	LBB Forecast - Temporary Assistance for Needy Families (TANF) Cash Assistance	\$0.1	\$0.0	\$3.9	\$0.0	\$4.0	E.1.1.
O)	One-time Funding - Hurricane Harvey	(\$110.0)	\$0.0	(\$409.8)	\$0.0	(\$519.8)	E.1.4.
P)	Revised Public Assistance Cost Allocation Plan (PACAP)	\$36.7	\$0.7	\$68.0	\$3.9	\$109.3	16 Strategies
Q)	Vehicle Replacement - State-owned Facilities	\$7.9	\$0.0	\$0.0	\$0.0	\$7.9	G.4.1
R)	Align Integrated Eligibility and Enrollment with Fiscal Year 2019 Appropriated Levels	(\$87.2)	\$0.0	(\$61.2)	\$0.0	(\$148.4)	I.1.1.
S)	Earned Federal Funds (EFF) Revised Target	(\$3.6)	\$0.0	\$0.0	\$0.0	(\$3.6)	I.2.1.

Health and Human Services Commission
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

T)	One-time Funding - SSLC and State Hospital Deferred Maintenance	\$0.0	\$0.0	\$0.0	(\$158.6)	(\$158.6)	G.4.2.
U)	Agency Base Requests Not Included for New and Expanded Capital Budget Projects	(\$11.6)	\$0.0	(\$3.1)	\$0.0	(\$14.7)	D.1.9, F.2.3, G.2.1, & L.1.2.
V)	Biennialize Certain Contract Oversight and Regulatory FTEs	\$4.1	\$0.0	(\$16.9)	\$0.0	(\$12.8)	13 Strategies
W)	Federal Funding Changes - Money Follows the Person	\$0.0	\$0.0	(\$20.4)	\$0.0	(\$20.4)	D.2.1, D.2.4, & I.2.1.
X)	Expiration of OMB Circular A-87 Cost Allocation Waiver for TIERS	(\$4.8)	\$0.0	(\$37.2)	\$0.0	(\$42.0)	I.3.1, & I.3.2.
Y)	Federal Funding Changes - Other	(\$8.7)	\$0.0	\$77.8	\$0.0	\$69.1	11 Strategies
Z)	One-time Funding - Other	(\$2.0)	\$0.0	\$0.0	(\$0.8)	(\$2.8)	D.1.1, D.2.2, & M.1.1.
AA)	Changes in Program Demand	(\$1.3)	\$0.0	(\$22.3)	\$0.0	(\$23.6)	E.1.2, G.3.1, I.2.1, & J.1.1.
AB)	Revenue Changes	\$17.8	(\$12.3)	\$0.0	(\$5.5)	\$0.0	F.2.3, G.2.1, & H.1.1.
AC)	Miscellaneous Items	(\$2.2)	\$0.0	(\$7.0)	(\$13.3)	(\$22.5)	17 Strategies

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	(\$1,238.7)	(\$33.9)	\$2,807.8	(\$474.8)	\$1,060.4	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$472.3	\$0.7	\$3,606.4	\$4.7	\$2,429.8	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$1,711.0)	(\$34.6)	(\$798.6)	(\$479.5)	(\$1,369.4)	As Listed

Notes:

- (1) Totals may not sum due to rounding.
- (2) This schedule includes the following amounts related to the Office of Inspector General (OIG). For additional details about OIG, including fiscal and policy issues, rider recommendations, and SFR findings, see the
 - (a) Revised PACAP: \$3.5 million in General Revenue; \$4.7 million in Federal Funds; \$0.4 million in Other Funds; \$8.6 million in All Funds;
 - (b) Miscellaneous (related to biennialization of transfer of subrogation and recovery program from other HHSC strategies): \$0.6 million in General Revenue; \$0.6 million in Federal Funds; \$1.2 million in All Funds; and
 - (c) Miscellaneous (related to maintaining 2018-19 base spending level for direct support services): (\$4.2) million in General Revenue; (\$2.5) million in Federal Funds; (\$1.4) million in Other Funds; (\$8.1) million in All Funds.

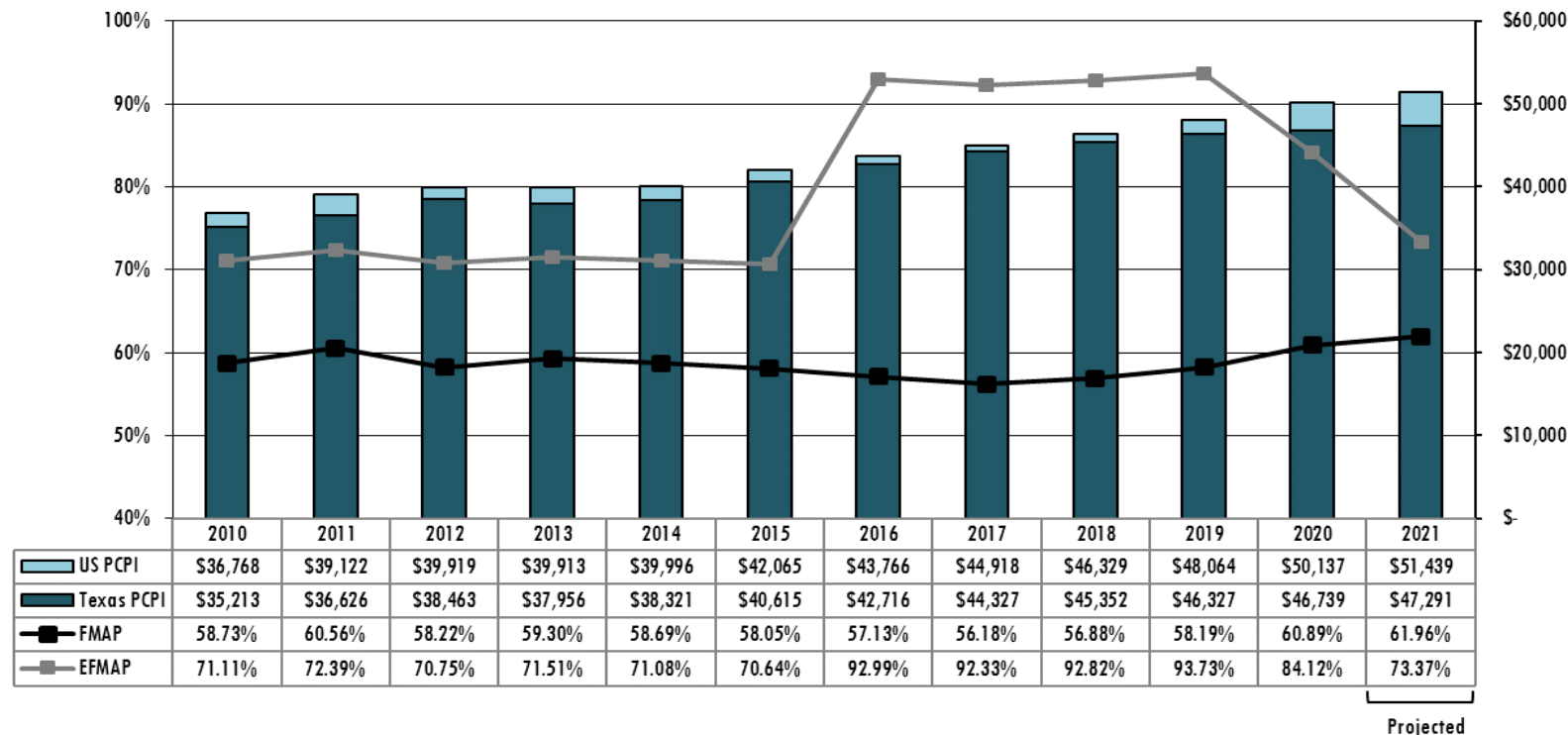
Health and Human Services Commission Selected Fiscal and Policy Issues - House

- Health and Human Services Program Financing.** Financing of many HHS programs is based on an array of matching rates that determine the amount of state funds (General Revenue, General Revenue-Dedicated, and Other Funds) and the amount of Federal Funds. The primary matching rate for Medicaid client services is the Federal Medical Assistance Percentage (FMAP). Each state has a different FMAP, ranging from 50 to 83 percent, based on its per capita personal income (PCPI) relative to the nation's PCPI.

The CHIP program (client services and administrative services) is matched at the Enhanced Federal Medical Assistance Percentage (EFMAP), a more favorable rate with a state share that is a 30 percent reduction to the state share under FMAP. Additionally, under provisions of the federal Affordable Care Act, a 23 percentage point increase to EFMAP became available for federal fiscal years (FFYs) 2016 to 2019. The increase applies to the CHIP program and certain children enrolled in Medicaid who were previously eligible for CHIP. The federal Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable (HEALTHY KIDS) Act increased the EFMAP by 11.5 percentage points for FFY 2020. Certain other Medicaid services are matched based on EFMAP without the percentage point increases.

The chart below shows Texas FMAPs and EFMAPs (with the increases) for FFYs 2010 to 2021, which were used as the basis for budget recommendations affected by FMAP or EFMAP. FFY 2021 FMAP is an estimate developed by the LBB; final FFY 2021 FMAP will not be available until the fall of 2019.

Federal Medical Assistance Percentage (FMAP) and Per Capita Personal Income (PCPI), FFY 2010 to 2021



Notes: Reflects FFY regular FMAPs and does not reflect enhanced FMAPs related to the American Recovery and Reinvestment Act (ARRA) that applied from the first quarter of FFY 2009 until the third quarter of FFY 2011. Per capita personal income is the average of the most recent three years available at the time each FMAP was calculated and does not include any updates to the data made after that time. For example, FFY 2020 FMAP is based on the average of 2015 to 2017 per capita personal income as reported by the Bureau of Economic Analysis in September 2018.

Other matching rates are available for client services in the Medicaid program including 90/10 for family planning services, an enhanced match under the Community First Choice Program for certain long-term-care services, and a 50 percent reduction to the state share under FMAP for certain services provided through the Money Follows the Person Demonstration. Most administrative services under Medicaid receive a 50 percent federal match, but some services are eligible for 90/10 or 75/25 matching rates.

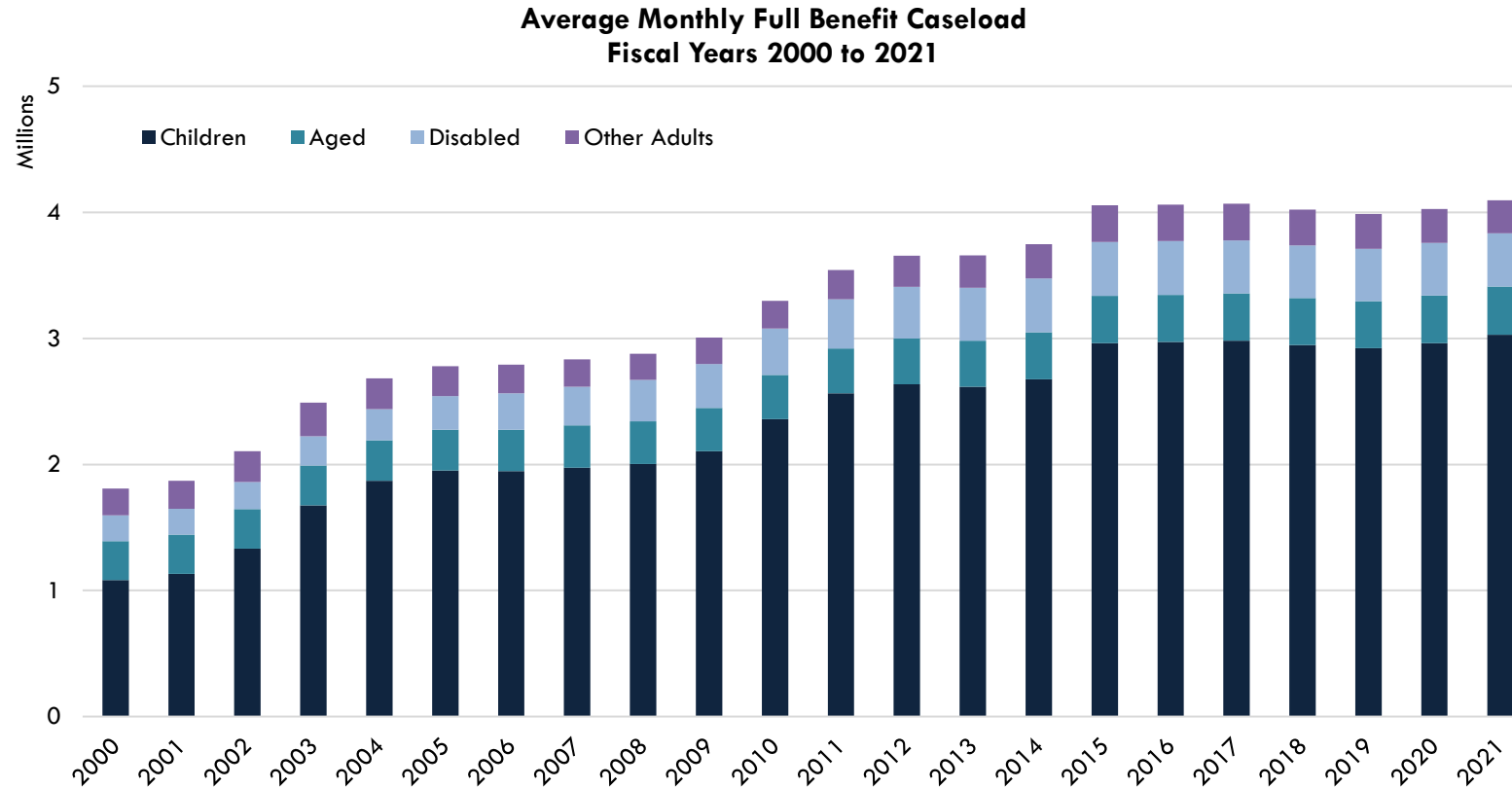
2. **Medicaid Client Services.** Recommendations for Goal A, Medicaid Client Services, include \$62.9 billion in All Funds, including \$23.5 billion in General Revenue and \$0.1 billion in General Revenue-Dedicated Funds. These amounts represent an increase of \$2.0 billion in All Funds and a decrease of \$1.4 billion in General Revenue Funds relative to projected 2018-19 expenditures, which are estimated to be \$61.0 billion in All Funds, including \$25.1 billion in General Revenue and General Revenue-Dedicated Funds. Projected 2018-19 expenditures are \$4.1 billion in All Funds, including \$1.8 billion in General Revenue Funds, above the 2018-19 General Appropriations Act, an increase that includes revenue adjustments, certain transfers, and assumed supplemental funding. Major items contributing to in 2020-21 funding changes include:

- Net more favorable federal matching rates;
- Increase of \$0.2 billion in All Funds, including \$0.1 billion in General Revenue, for loss of one-time savings in 2018-19 associated with cash accounting for long-term-care programs formerly at the Department of Aging and Disability Services;
- Decrease of \$0.1 billion in General Revenue for one-time reimbursement to federal government associated with Medicaid orthodontia authorizations; and
- Increase of \$1.9 billion in All Funds, including \$0.8 billion in General Revenue, for caseload growth, maintaining fiscal year 2019 average costs for most services, leap year, and cost growth associated with average costs established by the federal government

FMAP and Enhanced FMAP. More favorable FMAPs and Enhanced FMAPs (EFMAPs) reduce General Revenue demand by \$2.4 billion in 2020-21. The increase to Federal Funds associated with the more favorable matches is \$2.3 billion because some of the reduced General Revenue demand is associated with the cost of Medicare Giveback payments, which do not have matching federal funds. Replacing two full fiscal years of 23 percentage point increase to the EFMAP with one month of 23 percentage point increase, 12 months of 11.5 percentage increase, and 11 months with no increase will increase General Revenue demand by \$196.7 million with an equal reduction to Federal Funds. The net effect of changes to FMAP and EFMAP is a reduction to General Revenue demand of \$2.2 billion.

Revenues. Projected declines in Tobacco Settlement Receipts, available General Revenue-Dedicated, and program-generated revenues will result in an increased need for other sources of General Revenue. Tobacco Settlement Receipts are primarily used to fund CHIP and any remaining funds are appropriated for children enrolled in Medicaid. Revenues declined in fiscal years 2017 and 2018 and are projected to continue declining throughout fiscal year 2021. The amount of funds available for Medicaid are expected to decline from \$805.0 million in 2018-19 to \$375.0 million in 2020-21, a reduction of \$430.0 million due to declining revenue and increased demand in CHIP. Recommendations include reductions of \$22.3 million in General Revenue-Dedicated and \$30.8 million in program-generated revenues.

Caseload and Cost Growth. Full benefit caseloads declined in fiscal year 2018 by 1.1 percent, the first decline since fiscal year 2000. Declines occurred across all enrollment groups except STAR Health. Caseloads are projected to decline by an additional 0.9 percent in fiscal year 2019 before returning to low growth in the 2020-21 biennium. Premiums for STAR Kids increased substantially in fiscal year 2018 and many of those premiums increased again in fiscal year 2019. Growth in STAR Kids expenditures account for nearly 30 percent of overall growth for full benefit clients although they represent only four percent of enrollment. Recommendations do not include an estimated \$1.7 billion in All Funds, including \$0.8 billion in General Revenue, to fund anticipated increases in cost due to medical inflation, higher utilization, or increased acuity.



Community Care Waivers. Community care waivers include Home and Community-based Services (HCS), Community Living and Support Services (CLASS), Deaf-Blind Multiple Disabilities (DBMD), Medically Dependent Children Program (MDCP), and Texas Home Living (TxHML). Recommendations include \$3.1 billion in All Funds, including \$1.2 billion in General Revenue Funds, to provide services to waiver clients. Fiscal year 2018 appropriations were exceeded for three of the four waivers by an estimated total of \$43.4 million in All Funds (\$34.6 million in General Revenue). Recommendations assume declines in waiver slot allocations as necessary in fiscal year 2019 to remain within appropriations and the resulting August 2019 caseload is maintained in the 2020-21 biennium.

- For HCS, recommendations maintain the August 2019 appropriated level. Fiscal year 2018 expenditures exceeded appropriations due to exceeding slots early in the fiscal year.
- For CLASS, recommendations are 238 slots below the August 2019 appropriated level. Fiscal year 2018 expenditures exceeded appropriations as a result of ongoing increases in average monthly costs.
- For DBMD, recommendations are 25 slots below the August 2019 appropriated level. Fiscal year 2018 expenditures did not exceed appropriations; however, rising average monthly costs in fiscal year 2018 will require lower caseloads to stay within appropriations for fiscal year 2019.
- For TxHML, 2018-19 appropriations assumed ongoing caseload reductions to reduce unanticipated expenditure increases resulting from a near-doubling of average monthly costs following implementation of Community First Choice (CFC). Fiscal year 2018 expenditures exceeded the appropriated level because

caseload reductions have not been realized and average monthly costs have begun growing again (despite select rate reductions implemented in fiscal year 2017). August 2019 recommendations are 1,038 slots below the appropriated level.

Program of All-inclusive Care for the Elderly (PACE). Recommendations include \$89.8 million in All Funds, including \$34.8 million in General Funds, for the PACE program. The 2018-19 GAA provided funding for 1,341 PACE slots in each fiscal year at an average monthly cost across the three sites of \$2,788.30. The commission did not request funding for rate increases and no funding was provided. When the fiscal year 2018 PACE rates were established, HHSC chose to increase rates for all enrollment groups at each of the three sites except for Medicaid only clients at the El Paso site. Rate increases ranged from 3.7 to 39.2 percent. HHSC reduced the allocation of slots at all sites from a total of 1,341 to a total of 1,271 (a reduction of 70 slots) to avoid exceeding appropriated funding. Recommendations maintain the higher rates and the lower slot allocation in the 2020-21 biennium.

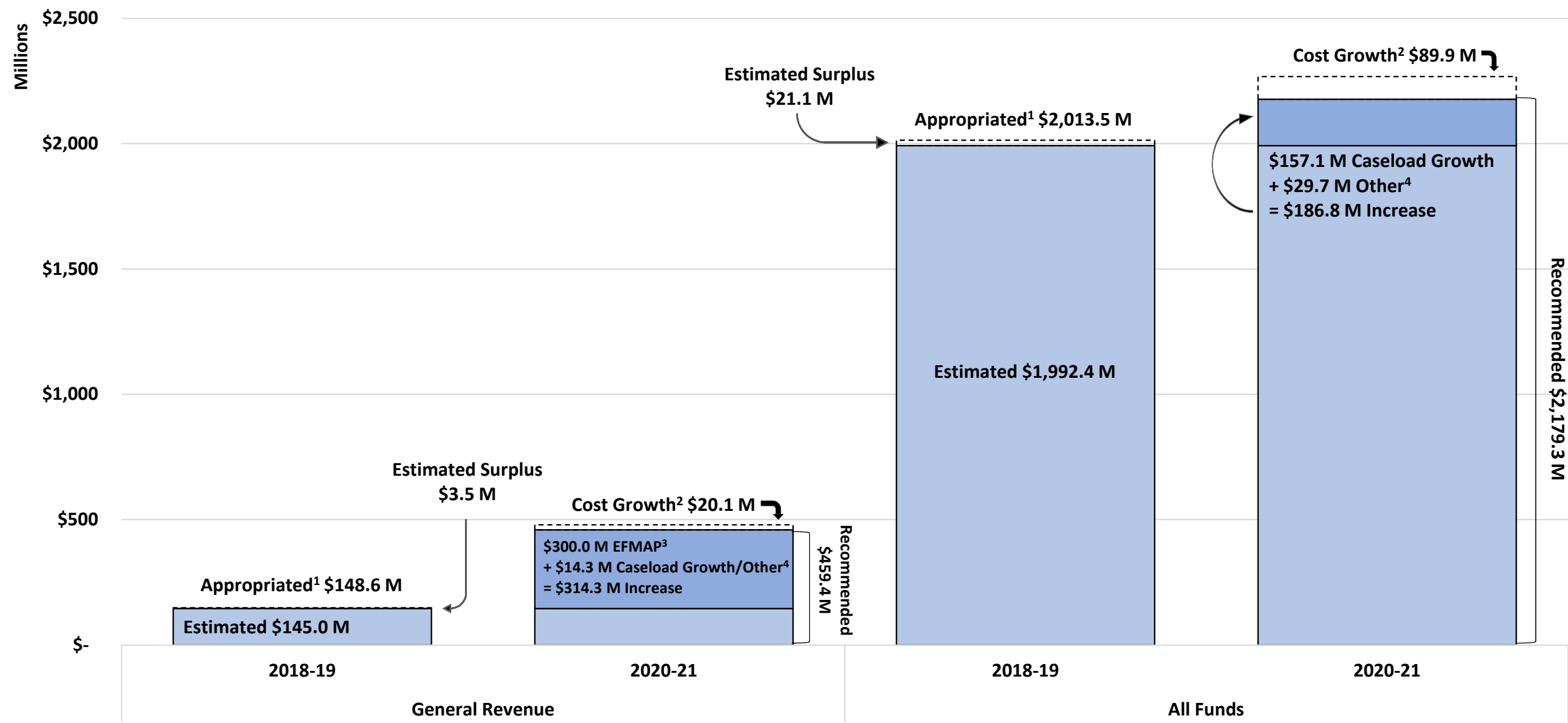
3. **Children's Health Insurance Program (CHIP).** Appropriations for the 2018-19 biennium included \$2,018.1 million in All Funds (\$153.1 million in General Revenue). After adjusting for transfers and available revenue, General Revenue appropriations total \$148.6 million. Current LBB staff projections are \$1,992.4 million in All Funds (\$145.0 million in General Revenue), producing a biennial General Revenue surplus of \$3.5 million.

Recommendations include \$2,179.3 million in All Funds (\$459.4 million in General Revenue) for CHIP Client Services, an increase of \$186.8 million in All Funds (\$314.3 million in General Revenue) from the projected 2018-19 biennial level. Increases in All Funds are associated with caseload growth, maintaining fiscal year 2019 premiums, and an increase in the Health Insurance Providers Fee with a small offset related to one-time Hurricane Harvey expenditures. In addition to these factors, the loss of the 23 percentage point increase in the EFMAP contributes to the increased General Revenue demand and is partially offset by a reduction associated with more favorable EFMAPs (without the 23 percentage point increase). A biennial comparison of General Revenue and All Funds appropriated and recommended for CHIP can be found in the table on page 9.

- a. *EFMAP.* The EFMAP will be more favorable in FFY 2020 than in FFY 2018 and is expected to be more favorable in FFY 2021 than in FFY 2019; however, the 23 percentage point increase pursuant to the federal Affordable Care Act will end on September 30, 2019. The federal HEALTHY KIDS Act provided for an 11.5 percentage point increase for FFY 2020. Replacing two full fiscal years of the 23 percentage point increase with one month of 23 percentage point increase, 12 months of 11.5 percentage point increase, and 11 months with no increase will increase General Revenue demand by \$357.8 million with an equal reduction to Federal Funds. The more favorable EFMAPs without the increases will partially offset this increase, reducing General Revenue demand by \$57.8 million with an equal increase to Federal Funds.
- b. *Caseload.* Caseloads grew significantly in the first half of fiscal year 2018 but began declining in April 2018. Much of the early growth was due to HHSC extending enrollment by six months for persons affected by Hurricane Harvey. Extensions applied to those with certification periods ending in August through November 2017. As those extensions ended, caseloads began declining. Caseloads are expected to return to growth in fiscal year 2019 and are projected to continue growing throughout the 2020-21 biennium. CHIP Perinatal caseloads, which have been declining to varying degrees since fiscal year 2010, are projected to continue declining through fiscal year 2021. Recommendations include \$157.1 million in All Funds (\$12.2 million in General Revenue) in the 2020-21 biennium for net caseload growth.
- c. *Hurricane Harvey.* In addition to enrollment extensions, the Health and Human Services Commission (HHSC) also waived CHIP copayments and enrollment/renewal fees through November 30, 2017 for recipients affected by Hurricane Harvey. Managed Care Organizations (MCOs) were to compensate providers for the waived copayments and HHSC anticipates reimbursing MCOs \$0.5 million in All Funds (\$37,224 in General Revenue) in fiscal year 2019. Waived fees resulted in a decline in premium copayment revenue in fiscal year 2018.
- d. *Average Costs.* Recommendations maintain fiscal year 2019 projected average costs in the 2020-21 biennium. Maintaining the higher, on average, fiscal year 2019 average costs for two years results in increased costs of \$27.6 million in All Funds (\$2.0 million in General Revenue). The recommendations do not include funding for cost growth in the 2020-21 biennium, estimated to be \$89.9 million in All Funds (\$20.1 million in General Revenue). Most services in the CHIP program are provided

through managed care with monthly premiums paid to MCOs. Services provided outside of the monthly premiums include delivery supplemental payments made to the MCOs and payments for vaccines and newborn screening made to the Department of State Health Services (DSHS). Fiscal year 2018 premiums (medical, pharmacy, and dental) for most age groups declined from those for fiscal year 2017 while fiscal year 2019 premiums are mostly higher than fiscal year 2018. Two notable exceptions are dental premiums, which continued to decline in fiscal year 2019, and CHIP Perinatal premiums (medical and pharmacy), which mostly increased in both fiscal years.

Biennial Comparison of Funding for CHIP



¹ Adjusted for \$4.6 million net reduction in available revenues due primarily to lower than assumed premium copayment revenue related to Hurricane Harvey and discontinuing use of some Medicaid drug rebate revenue in CHIP.

² Cost growth not included in recommendations.

³ Includes \$357.8 million increase to General Revenue due to loss of 23 percentage point increase partially offset by \$57.8 million reduction to General Revenue due to more favorable EFMAPs calculated without the percentage point increases.

⁴ Includes maintaining fiscal year 2019 rates, increase in Health Insurance Providers Fee, and reduction for one-time reimbursements to managed care organizations related to Hurricane Harvey.

**Health and Human Services Commission
Selected Fiscal and Policy Issues - House**

- e. *CHIP Reauthorization.* The federal HEALTHY KIDS Act extended federal funding for CHIP for six years, through FFY 2023 and the Advancing Chronic Care, Extenders and Social Services (ACCESS) Act extended federal funding for an additional four years, through FFY 2027. These acts also extended maintenance-of-effort (MOE) requirements for CHIP and Medicaid, which were set to expire at the end of FFY 2019, through FFY 2027. States are required to maintain eligibility standards, methodologies, and procedures that are no more restrictive than those in effect on March 23, 2010 as a condition of receiving federal funding. Amendments to the MOE provision related to families with incomes above 300 percent of the Federal Poverty Level (FPL) do not apply to Texas.
 - f. *Health Insurance Providers Fee.* Recommendations assume an increase of \$2.6 million in All Funds (\$0.1 million in General Revenue) related to payment of the Health Insurance Providers Fee and associated taxes. The federal Consolidated Appropriations Act of 2016 included a moratorium on payments for fee year 2017, which would have been reimbursed by the state during fiscal year 2018. Federal HR 195, 115th Congress suspends collection of the fee for fee year 2019, which would have been reimbursed by the state during fiscal year 2020. While both the 2018-19 and 2020-21 biennia only include payment for one year, there is an increase in the 2020-21 biennium due to a projected increase in the total amount of the fee to be collected nationwide.
 - g. *Revenues.* The non-federal share of CHIP is funded with the following four General Revenue methods-of-financing: Tobacco Settlement Receipts, premium copayments (enrollment and renewal fees), experience rebates, and vendor drug rebates. Except for Tobacco Settlement Receipts, all of these funding sources are revenues generated by the program; as the program grows, these revenues typically grow as well. Experience and drug rebate revenue are shared with the federal government based on EFMAPs; the loss of the 23 percentage point increase results in the state retaining a greater share of these rebates in the 2020-21 biennium. In fiscal years 2017 and 2018 HHSC was using Medicaid drug rebates for certain children formerly eligible for CHIP to fund the CHIP program. This practice is assumed to be discontinued beginning in fiscal year 2019. These factors, in addition to lower premium copayment collections in fiscal year 2018 due to Hurricane Harvey, result in a net increase in program-generated revenues of \$8.0 million.
 - h. *Mental Health and Substance Use Disorder Services.* The federal Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act requires state CHIP programs to cover mental health and substance use disorder services for children and pregnant women eligible for the program. While CHIP already covers mental health and substance use disorder services for children enrolled in the program, it is unclear if the state would be required to provide this coverage to mothers of unborn children covered through CHIP Perinatal. If the state were required to provide this coverage, there would be a cost to add these services to the list of covered benefits. Recommendations do not include any increase for this purpose and an estimate of cost is not currently available.
4. **FTE Adjustment.** Recommendations for HHSC's FTE cap remove a portion of FTEs in certain strategies that were consistently vacant in fiscal year 2018 according to HHSC's Monthly Financial Reports. Recommendations for HHSC assume the FTE allocation of the recommended FTE cap would reflect between 100 to 107.5 percent of the average fill level in fiscal year 2018. This would result in a reduction of 2,134.3 FTEs in each fiscal year of the 2020-21 biennium. The actual fill level for fiscal year 2018 totaled 35,411.3 FTEs. This adjustment would not affect overall funding levels.

5. **Medicaid and CHIP Contracts and Administration.** Recommendations for Medicaid and CHIP Contracts and Administration include the following:

Strategy	Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2020		Fiscal Year 2021		Over/(Under) 2018-19 Base	
	General Revenue	All Funds	General Revenue	All Funds	General Revenue	All Funds	General Revenue	All Funds	General Revenue	All Funds
B.1.1, Medicaid Contracts and Administration	\$193.8	\$553.2	\$196.9	\$564.4	\$197.1	\$566.2	\$196.9	\$605.3	\$3.2	\$53.9
B.1.2, CHIP Contracts and Administration	\$1.1	\$15.2	\$1.0	\$16.4	\$2.5	\$16.8	\$4.3	\$16.8	\$4.8	\$2.1
Total	\$194.9	\$568.4	\$197.9	\$580.7	\$199.6	\$583.0	\$201.2	\$622.1	\$8.0	\$56.0

- a. *Contract Oversight.* HHSC Medicaid and CHIP Services Division provides contract oversight of managed care organizations for the Medicaid and CHIP programs. HHSC's role has shifted over time from directly providing services and administering the day-to-day functions of Medicaid to acting primarily as a contract manager and providing critical oversight of third party vendors who directly coordinate and administer the delivery of services. In the 2018-19 biennium, the State Auditor's Office, the Office of the Inspector General, HHSC Internal Audit, and a review of HHSC managed care contract management and oversight conducted by Deloitte all identified deficiencies in HHSC's managed care contract management and oversight functions.

On June 1, 2018, HHSC received LBB approval to transfer \$1.8 million in All Funds (\$0.9 million in General Revenue) and 98.0 FTEs in fiscal year 2018 and \$7.2 million in All Funds (\$3.6 million in General Revenue) and 98.0 FTEs in fiscal year 2019 from Strategy I.1.1, Integrated Eligibility and Enrollment, to Strategy B.1.1, Medicaid Contracts and Administration, to provide for additional managed care oversight and for additional utilization reviews for Medicaid and CHIP programs. Recommendations include an increase of \$5.4 million in All Funds (\$2.7 million in General Revenue) to biennialize the approval and provide sufficient funding to maintain the additional FTEs for the 2020-21 biennium.

- b. *Claims Administrator Contract.* HHSC contracts with a group of vendors collectively known as the Texas Medicaid and Healthcare Partnership (TMHP) to provide claims administration and to develop and operate the Medicaid Management Information System (MMIS) in the Medicaid program. As Texas has expanded the use of managed care in Medicaid, managed care organizations have taken on certain functions, such as claims adjudication and prior authorization for claims originating from their clients. TMHP still adjudicates claims for fee-for-service (FFS), processes encounter data for both FFS and managed care, and performs certain other claims administrator functions. Due to the bundling of services and the fixed costs of maintaining and upgrading MMIS, which automates many of the claims administrator functions, costs for the contract are relatively fixed and do not decrease in proportion to the number of clients or the volume of claims remaining in FFS. Accenture has been the primary contractor for TMHP since 2014.

Recommendations continue Rider 9, Texas Medicaid and Healthcare Partnership (TMHP), that requires HHSC to lead an Executive Steering Committee to provide additional oversight for the TMHP contract, report any budget overruns to the Legislative Budget Board, and seek approval from the Legislative Budget Board and the Governor prior to expending appropriations on cost overruns.

Recommendations include \$513.4 million in All Funds (\$159.8 million in General Revenue) for the 2020-21 biennium in Strategy B.1.1, Medicaid Contracts and Administration, in support of the Claims Administrator Contract. Recommendations maintain capital budget authority at 2018-19 spending levels for the MMIS.

- c. *Enrollment Broker.* HHSC contracts with Maximus to provide managed care enrollment broker services for the state's Medicaid population. The enrollment broker serves as an intermediary between managed care organizations (MCOs), clients, and HHSC. Recommendations include \$138.1 million in All Funds (\$69.2 million in General Revenue) in Strategy B.1.1, Medicaid Contracts and Administration, in support of the Enrollment Broker contract, which is a decrease of \$1.1 million in All Funds (\$0.3 million in General Revenue) from the 2018-19 base spending level.

6. **Article IX, Section 10.04, Statewide Behavioral Health Strategic Plan and Coordinated Expenditure Proposal.**

- a. *Cross-Article Behavioral Health Funding.* Recommendations for Article IX, Sec. 10.04(a), Informational Listing – Behavioral Health and Substance Abuse Services, identify \$4.0 billion in All Funds (\$3.0 billion in General Revenue and \$28.3 million in General Revenue-Dedicated Funds) for non-Medicaid/CHIP behavioral health expenditures among 23 different agencies across six articles. Recommendations add five agencies, DSHS, Texas Education Agency, Texas School for the Deaf, Texas Tech University Health Sciences Center, and the Supreme Court of Texas, to the informational listing. In previous biennia, funding for prescription-related expenditures for CHIP and medications used to treat substance use disorders in the Medicaid and CHIP programs were not included in the informational listing. When including these amounts, Medicaid and CHIP expenditures for behavioral health services are estimated to total \$3.4 billion in All Funds and \$111.7 million in All Funds respectively. Both estimates include projected cost growth that is not funded. Total behavioral health funding, including Medicaid and CHIP expenditures, is estimated to be \$7.5 billion in All Funds for the 2020-21 biennium. **See Supplemental Schedule 3-1, Cross-Article Behavioral Health Funding**, for a summary table of cross-article behavioral health recommendations.

Recommendations for non-Medicaid or CHIP behavioral health services reflect a decrease of \$324.3 million in All Funds (increase of \$127.9 million in General Revenue) from 2018-19 spending levels, primarily related to a decrease of \$380.5 million in Economic Stabilization Funds for one-time funding in 2018-19 for new construction and significant repairs at the state hospitals, and a projected decrease of \$92.5 million in Federal Funds for the Opioid State Targeted Response Grant awards. This decrease is partially offset by a \$57.1 million increase in All Funds (\$32.1 million in General Revenue) at certain Article III agencies to expand mental health-related services for students, and a \$61.3 million increase in General Revenue at HHSC to maintain fiscal year 2019 service levels for certain community mental health grant programs, expand outpatient treatment capacity for children, and operate increased capacity at state mental health hospitals. (See Selected Fiscal and Policy Issues #8, #9, #10, and #13)

- b. *Statewide Behavioral Health Coordinating Council.* Recommendations for Article IX, Sec. 10.04(b), Statewide Behavioral Health Coordinating Council, require 15 of the 23 agencies identified in the informational listing to serve on the Statewide Behavioral Health Coordinating Council (Council). Recommendations exempt Article IV and Article VIII agencies from serving on the Council as these agencies do not provide direct behavioral health-related services to clients and extend the time for review of the Council's Coordinated Statewide Expenditure Proposal for fiscal year 2020.
7. **Substance Abuse Services Funding.** Recommendations for Strategy D.2.4, Substance Abuse Services, total \$435.7 million in All Funds (\$93.4 million in General Revenue). This represents a decrease of \$81.9 million in All Funds from the 2018-19 spending levels, primarily related to a projected decrease of \$82.2 million in Federal Funds for the Opioid State Targeted Response Grant awards (see Selected Fiscal and Policy Issue #8). Recommendations include a \$0.4 million increase in MH Appropriated Receipts to provide statistical data as part of a Substance Abuse and Mental Health Services Administration (SAMHSA) initiative. Recommendations include \$93.4 million in General Revenue for the 2020-21 biennium to continue maintenance of effort (MOE) requirements for an estimated \$285.9 million in Federal Funds for the Substance Abuse Prevention and Treatment Block Grant (SABG).
8. **Federal Funding to Address the Opioid Crisis.** Recommendations include \$54.7 million in Federal Funds in opioid-specific grants from the Substance Abuse and Mental Health Services Administration (SAMHSA) in the 2020-21 biennium. HHSC receives federal funding for this purpose through two separate grant opportunities: 1) the State Targeted Response to the Opioid Crisis (Opioid STR) Grant, and 2) the State Opioid Response (SOR) Grant. The total project period for both grant opportunities is currently two years. Both grants can be used towards similar services to address opioid use disorder (OUD) prevention, treatment, and recovery activities, including medication assisted treatment (MAT). The grants must supplement, not supplant, existing state activities pertaining to opioids.

Recommendations assume HHSC will receive \$27.4 million in Opioid STR in fiscal year 2019 and for each fiscal year of the 2020-21 biennium, based on current federal reauthorization of the grant and historical amounts awarded to HHSC for this purpose. Recommendations also reflect the receipt of \$92.5 million in SOR in fiscal year 2019. HHSC received \$46.2 million in SOR in September 2018, and it is assumed HHSC will receive another \$46.2 million from SAMHSA in May 2019, at the same time SAMHSA should release the Opioid STR award for fiscal year 2019. Timing of the award distribution may change based on actions taken by the federal Department of Health and Human Services. Recommendations for federal opioid-specific grants are further detailed in the table below:

HHSC Strategy	Expended Fiscal Year 2018	Estimated Fiscal Year 2019	Recommended Fiscal Year 2020	Recommended Fiscal Year 2021	Over/(Under) 2018-19 Base
D.2.1, Community Mental Health Svcs - Adults	\$2,068,168	\$11,530,546	\$2,068,168	\$2,068,168	(\$9,462,378)
D.2.3, Community Mental Health Crisis Svcs	\$325,000	\$975,000	\$325,000	\$325,000	(\$650,000)
D.2.4, Substance Abuse Services	\$24,969,189	\$107,171,374	\$24,969,188	\$24,969,188	(\$82,202,187)
I.3.1, TIERS & Eligibility Support Tech	\$ -	\$290	\$ -	\$ -	(\$290)
L.1.1, HHS System Supports	\$ -	\$25,176	\$ -	\$ -	(\$25,176)
L.1.2, IT Oversight & Program Support	\$ -	\$95,894	\$ -	\$ -	(\$95,894)
L.2.1, Central Program Support	\$ -	\$22,260	\$ -	\$ -	(\$22,260)
GRAND TOTAL	\$27,362,357	\$119,820,540	\$27,362,356	\$27,362,356	(\$92,458,185)

Source: Legislative Budget Board; Health and Human Services Commission.

Notes:

- 1) Services provided by federal funding in Strategy D.2.1 include supportive employment, peer recovery, and mental health recovery services.
- 2) Services provided by federal funding in Strategy D.2.3 support mobile crisis outreach teams.
- 3) Services provided by federal funding in Strategy D.2.4 include opioid misuse and overdose prevention, MAT, and recovery support services.
- 4) Fiscal year 2019 reflects the receipt of SOR (\$46.2 million) in September 2018, and assumes the receipt of an additional award of SOR (\$46.2 million) and Opioid STR (\$27.4 million) in May 2019.
- 5) Fiscal year 2020 and 2021 recommendations assume continued funding of Opioid STR (\$27.4 million per fiscal year). Additional funding has not yet been provided through a Congressional Appropriations Act. HHSC received Opioid STR funding in May of fiscal years 2017 and 2018.

9. Community Mental Health Funding.

- a. *Community Mental Health Services for Adults.* Recommendations for Strategy D.2.1, Community Mental Health Services – Adults, include \$712.7 million in All Funds (\$608.5 million in General Revenue) for the 2020-21 biennium. This represents a \$2.2 million decrease in All Funds from 2018-19 spending levels, primarily related to a projected decrease of \$9.5 million in Federal Funds for the Opioid STR grant, a \$2.6 million decrease in Federal Funds due to the discontinuation of Money Follows the Person Rebalancing Demonstration in August 2019, and a \$2.3 million decrease in MH Appropriated Receipts due to the discontinuation of an agreement to provide statistical data to a third-party entity. These decreases are partially offset by an anticipated increase of \$12.7 million in Federal Funds for the Mental Health Block Grant. HHSC provides funding to 37 local mental health and two local behavioral health authorities (LMHAs/LBHAs) to provide mental health services to eligible adults with a serious mental illness diagnosis.

- b. *Community Mental Health Services for Children.* Recommendations for Strategy D.2.2, Community Mental Health Services – Children, include \$185.0 million in All Funds (\$133.1 million in General Revenue) for the 2020-21 biennium. This represents an \$18.9 million increase in All Funds (\$8.9 million in General Revenue) from 2018-19 spending levels. The increase is primarily related to \$11.8 million in All Funds (\$11.0 million in General Revenue) to expand outpatient treatment capacity for children and an anticipated \$11.8 million increase in Federal Funds for the Mental Health Block Grant. These increases are partially offset by the removal of \$2.0 million in one-time grant funding for a pilot program for children in the foster care system, discussed in more detail below. HHSC also provides funding to the LMHAs and LBHAs to provide mental health services to eligible children between the ages of 3 and 17 with a mental health diagnosis.

HHSC was appropriated \$2.0 million in General Revenue in Strategy D.2.2, Community Mental Health Services – Children, in fiscal year 2018 to establish a one-time grant program to increase access to targeted case management and rehabilitative services for high-needs children in the foster care system. As of November 2018, HHSC identified five entities that will receive grant funds, including one LMHA.

- c. *YES Waiver.* Recommendations for Strategy D.2.5, Behavioral Health Waiver and Plan Amendment, include \$59.9 million in All Funds (\$23.4 million in General Revenue) for the Youth Empowerment Services (YES) waiver for the 2020-21 biennium. The YES waiver is a 1915(c) Medicaid waiver program that provides home and community-based mental health services to children and youth between ages 3 and 18 with a severe emotional disturbance (SED) who meet certain other eligibility requirements. YES waiver services may include respite care for families and caregivers, specialized therapies, and minor home modifications. The Centers for Medicare and Medicaid Services (CMS) approved an extension of the YES waiver for a five-year period, starting April 1, 2018. The program is expected to serve 2,822 clients in fiscal year 2020 and 2,961 clients in fiscal year 2021.
- d. *HCBS – AMH.* Recommendations for Strategy D.2.5, Behavioral Health Waiver and Plan Amendment, include \$44.7 million in All Funds (\$23.8 million in General Revenue) for Home and Community Based Services – Adult Mental Health (HCBS – AMH) for the 2020-21 biennium. HCBS – AMH is a 1915(i) Medicaid state plan amendment that provides services and supports for individuals ages 18 or older with a mental illness who are at risk for long-term psychiatric hospitalization, frequent arrests, or frequent emergency department visits. Services provided through HCBS – AMH are tailored to the individual's needs, and can include recovery management, substance use disorder services, and psychosocial rehabilitation. HCBS – AMH is expected to serve 561 clients in fiscal year 2020 and 540 clients in fiscal year 2021.

10. **Community Mental Health Grants.**

- a. *Community Mental Health Grant Program.* HHSC was appropriated \$10.0 million in General Revenue in fiscal year 2018 and \$20.0 million in General Revenue in fiscal year 2019 to implement the provisions of House Bill 13, Eighty-fifth Legislature, Regular Session, 2017. The bill required HHSC to support community mental health programs providing services and treatments for individuals experiencing mental illness. HHSC awarded half of the funds to 25 local mental and behavioral health authorities (LMHAs/LBHAs), and the other half to 31 non-profit and governmental entities, including \$0.2 million for Texas Tech University Health Science Center to expand the Telemedicine Wellness Intervention Triage and Referral (TWITR) project. Recommendations for Strategy D.2.3, Community Mental Health Crisis Services, provide \$10.0 million in General Revenue to biennialize fiscal year 2019 grant program funding.
- b. *Mental Health Grant Program for Justice-Involved Individuals.* HHSC was appropriated \$12.5 million in General Revenue in fiscal year 2018 and \$25.0 million in General Revenue in fiscal year 2019 to implement the provisions of Senate Bill 292, Eighty-fifth Legislature, Regular Session, 2017, which required HHSC to establish a grant program to reduce recidivism, arrests, and incarceration of individuals with serious mental illness. HHSC awarded \$30.8 million to urban counties; the remaining \$6.7 million was awarded to counties with a rural designation. Recommendations for Strategy D.2.3, Community Mental Health Crisis Services, provide \$12.5 million in General Revenue to biennialize fiscal year 2019 grant program funding.

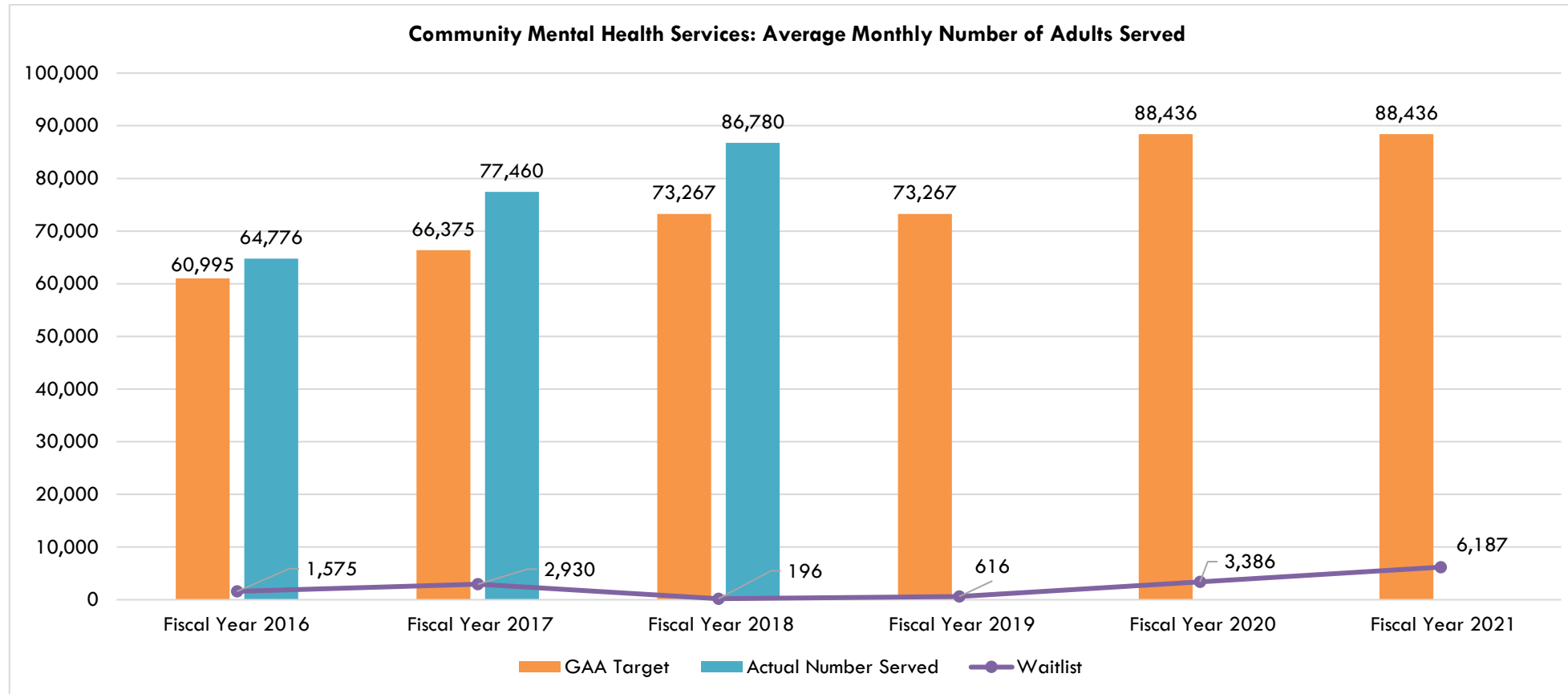
11. Waitlist Funding for Community Mental Health Services.

- a. *HHSC Rider 80, Increased Access to Community Mental Health Services (2018-19 GAA)*. In the 2018-19 biennium, HHSC was appropriated \$62.2 million in All Funds (\$54.4 million in General Revenue) to address the waitlist for adults and \$0.5 million in All Funds (\$0.4 million in General Revenue) to address the waitlist for children. As of October 2018, HHSC has disbursed \$31.3 million of this funding to the local mental health and local behavioral health authorities (LMHAs/LBHAs) to address waitlists. The number of adults on the waitlist decreased from 2,767 in September 2017 to 196 in August 2018. The number of children on the waitlist decreased from 60 to seven over the same period of time. Recommendations for the 2020-21 biennium continue this funding to continue providing mental health services.

Of the 196 adults on the waitlist in August 2018, 127 individuals were waiting for services through Tri-County Behavioral Health Care, the LMHA for Liberty, Walker, and Montgomery counties. Tri-County Behavioral Health Care previously cited population growth as an issue impacting operations. Six of the LMHAs/LBHAs operated a waitlist for adults in August 2018; one LMHA/LBHA operated a waitlist for children in August 2018. However, 923 adults and 67 children were reported to be underserved, or receiving a lower level of care than what was recommended. Underserved clients can include clients who are underserved due to LMHA/LBHA resource limitations, and clients who decline to participate in the more intensive and frequent services offered through a higher level of care.

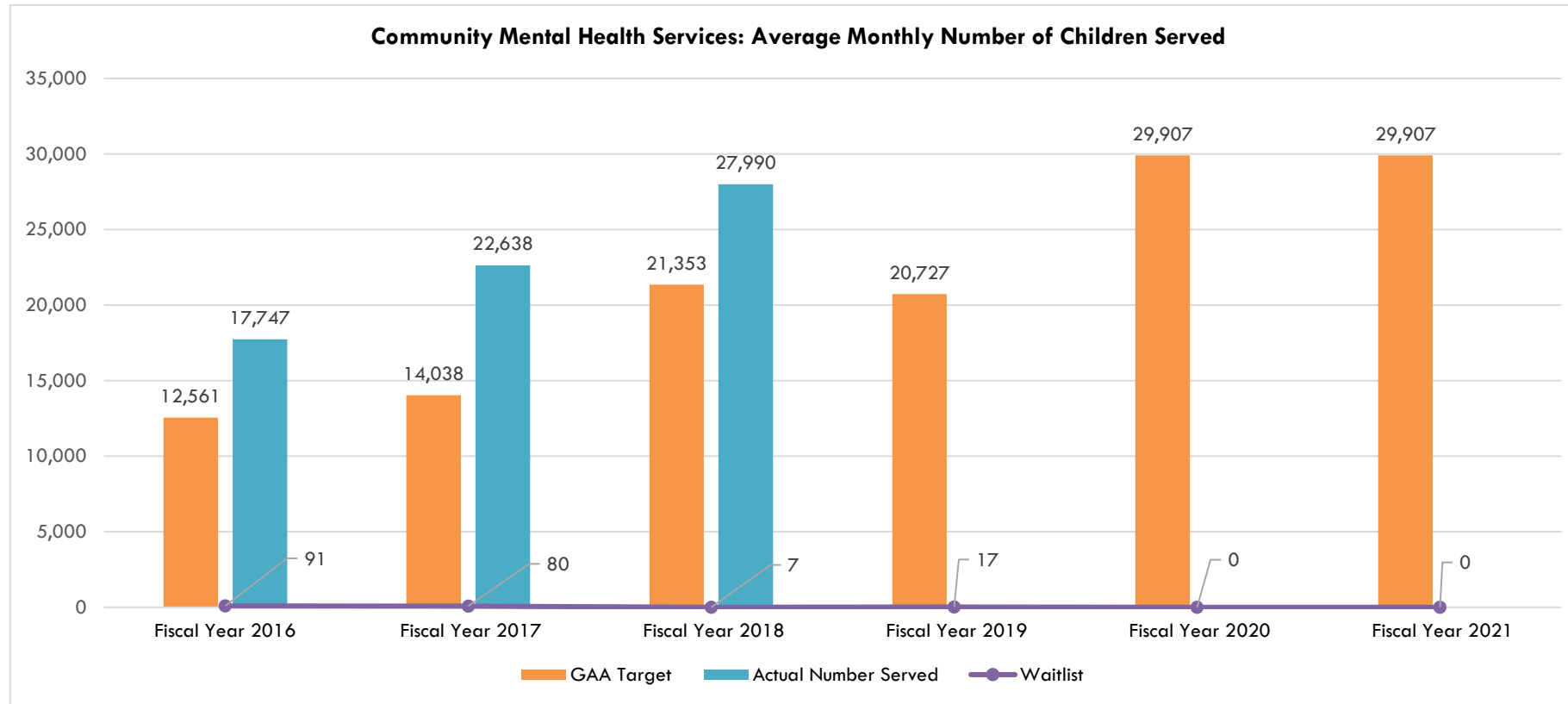
- b. *Waitlists Specific to the Former NorthSTAR Area*. North Texas Behavioral Health Authority (NTBHA) and LifePath are the LBHAs for counties formerly served through the NorthSTAR behavioral health waiver. NTBHA received \$8.1 million of the \$62.7 million in All Funds identified in Rider 80 including \$4.4 million in enhanced waitlist funding to avoid future waitlists in the NTBHA catchment area. These LBHAs did not operate a waitlist for services in fiscal year 2018, and do not anticipate operating a waitlist in fiscal year 2019.
- c. *Factors Contributing to the Operation of Waitlists*. HHSC Rider 75, Quarterly Reporting of Waiting Lists (2018-19 GAA), required the agency to report quarterly on waitlists for community mental health services. The final report for fiscal year 2018 noted some short-term and long-term factors that affect community mental health waitlists for both adults and children. Short-term factors include loss or retirement of a prescribing provider and lack of funding. Long-term factors include workforce shortages, especially in rural and underserved areas, and population growth. HHSC also noted that waitlists may not be able to be eliminated if demand increases beyond total capacity at the LMHAs and LBHAs.

The 39 LMHAs and LBHAs typically serve more individuals than the targeted amount listed in the General Appropriations Act. The charts below illustrate the average monthly number of adults and children served through community mental health programs and the number of individuals on the waitlist for these services at the end of each fiscal year:



Source: Department of State Health Services; Health and Human Services Commission; Legislative Budget Board.

Notes: Waitlist for fiscal years 2019, 2020, and 2021 is projected by the agency and assumes no additional funding would be provided in the 2020-21 biennium to take individuals off the waitlist. According to the agency, the average cost to take an adult off the waitlist is \$4,800 per person.



Source: Department of State Health Services; Health and Human Services Commission; Legislative Budget Board.

Notes: Waitlist for fiscal year 2019 is projected by the agency. Waitlist for the 2020-21 biennium reflects LBB estimates to align with funding provided by House Bill 1, Introduced, Eighty-sixth Legislature, 2019. According to the agency, the average cost to take a child off the waitlist is \$5,100 per person.

12. **Waitlists for Inpatient Mental Health Services.** HHSC operates nine state-owned mental health facilities and one state-owned inpatient residential treatment facility for adolescents. Patients are admitted into the state hospitals voluntarily, through a civil commitment, or through a forensic commitment for competency restoration. Commitments can also be made to maximum-security units (MSUs) at North Texas State Hospital – Vernon Campus or Rusk State Hospital, depending on the severity of the patient’s crime. The average daily census at the state hospitals for fiscal year 2018 was 2,109 individuals; this is 292 individuals below the fiscal year 2018 target in the 2018-19 GAA. According to the agency, staffing shortages, recruitment issues, and potential life and safety code violations all contribute to a lower average daily census and waitlists. The state hospitals are also serving a higher ratio of forensic patients who average significantly longer lengths of stay than civil patients, resulting in fewer overall patients per year served through the state hospital system. As of October 2018, 265 individuals were waiting for non-maximum security forensic capacity, and 452 individuals were waiting for maximum-security capacity; the average wait time for admission in fiscal year 2018 was 42 days and 231 days, respectively. Two MSU construction projects, expected to be completed by February and October of 2021, would replace 40 existing MSU beds and add 130 MSU beds to the system.

13. **State Hospital Funding.** Recommendations for Strategy G.2.1, Mental Health State Hospitals, total \$852.4 million in All Funds (\$720.9 million in General Revenue) for the 2020-21 biennium to continue funding for the state hospitals at fiscal year 2018 service levels and fund increased capacity at San Antonio, Kerrville, and Rusk State Hospitals, made available by completed construction projects. (See Selected Fiscal and Policy Issue #14). Also included is a method of finance swap of \$5.9 million in General Revenue for Public Health Medicaid Reimbursements Account No. 709 to align with recommendations for DSHS. Recommendations do not include \$6.5 million in General Revenue to fund an agency-requested capital project to update the Clinical Management for Behavioral Health Services (CMBHS) electronic health record system.

Appropriations for the 2018-19 biennium included certain patient revenue collections and federal reimbursement for uncompensated care and medical coding upgrades that are now anticipated to not be collected. This resulted in an agency-estimated need of \$21.8 million in General Revenue in fiscal year 2018 and \$22.5 million in General Revenue in fiscal year 2019. Pursuant to HHSC Rider 187, Mental Health Appropriation Transfer Between Fiscal Years (2018-19 GAA), HHSC received approval to transfer \$15.0 million in General Revenue from fiscal year 2019 into fiscal year 2018 to partially offset the resulting shortfall. HHSC Rider 187(b) limits a transfer approved through the rider to \$15.0 million in General Revenue; HHSC plans to send a request to transfer additional funds to Strategy G.2.1, Mental Health State Hospitals, if their projected need exceeds \$15.0 million in fiscal year 2018.

Fiscal year 2018 expenditures now total an estimated \$415.7 million in All Funds. Recommendations assume these operational costs would continue into the 2020-21 biennium, and would fund fiscal year 2018 services levels in each fiscal year of the 2020-21 biennium. Recommendations also fund increased capacity at the state hospitals. The table below compares 2018-19 estimated expenditures to recommendations:

Strategy G.2.1, Mental Health State Hospitals	Agency's Estimated Expenditures for Fiscal Year 2018	Agency's Budgeted Expenditures for Fiscal Year 2019	Recommendations for Fiscal Year 2020	Recommendations for Fiscal Year 2021
General Revenue	\$346.9 million	\$319.5 million	\$354.5 million	\$366.3 million
Federal Funds	\$5.0 million	\$5.2 million	\$5.0 million	\$5.0 million
Other Funds	\$63.7 million	\$63.7 million	\$61.4 million	\$60.1 million
All Funds	\$415.7 million	\$388.5 million	\$421.0 million	\$431.5 million

Source: Legislative Budget Board; Health and Human Services Commission.

Notes: Fiscal year 2019 amounts include adjustments for LBB approved transfers and revenue not anticipated to be collected.

14. **New Construction Projects at State Hospitals.** HHSC Rider 147, New Construction of State Hospitals (2018-19 GAA), identified \$300.0 million in Economic Stabilization Funds (ESF) in Strategy G.4.2, Facility Capital Repairs and Renovations, for planning and new construction projects at the state hospitals and other state-funded inpatient mental health facilities. The rider required concurrent approval from the Legislative Budget Board and Governor's Office for specific projects or significant repairs prior to expenditure of the funds. HHSC received approval to expend \$293.7 million in ESF in the 2018-19 biennium, including \$0.7 million to hire 3.0 FTEs to oversee the projects. The approved projects would add a minimum of 338 inpatient beds to the state hospital system, including 130 new maximum-security unit (MSU) beds.

Recommendations provide cross-biennia authority for any unexpended balance in ESF from fiscal year 2019 to fiscal year 2020. The table below summarizes 2018-19 approved projects:

New Construction Projects ¹	2018-19 Approved Requests ²	Estimated Start of Construction ³	Estimated Move In Date
San Antonio State Hospital - 296 Bed Replacement ⁴	\$ 14,500,000	October 2019	December 2022
Austin State Hospital - 240 Bed Replacement ⁴	\$ 15,500,000	October 2019	June 2023
San Antonio State Hospital - 40 Bed Unit	\$ 11,500,000	January 2019	March 2020
Kerrville State Hospital - 70 Bed MSU	\$ 30,500,000	May 2019	February 2021
Rusk State Hospital - 100 Bed MSU	\$ 91,500,000	March 2019	October 2021
Rusk State Hospital - 100 Bed Unit ⁴	\$ 4,500,000	October 2021	March 2024
Harris County Psychiatric Center - 228 Bed Facility	\$ 125,000,000	March 2019	December 2021
GRAND TOTAL	\$ 293,000,000		

Source: Health and Human Services Commission.

Notes:

- 1) Projects mostly align with HHSC's Comprehensive Plan for State-Funded Inpatient Mental Health Services, submitted in August 2017. The plan was submitted pursuant to HHSC Rider 147, New Construction of State Hospitals, and noted potential projects for the Legislature to consider for the 2018-19, 2020-21, and 2022-23 biennia.
- 2) HHSC received approval to expend \$293.7 million in ESF for construction projects, including \$0.7 million to hire 3.0 FTEs to oversee the construction projects that is not included in the 2018-19 total above.
- 3) Based on information from HHSC as of October 2018.
- 4) HHSC's Exceptional Item Request #7, Funding State Hospital Planning and Construction (Comprehensive Plan Phase II), includes a placeholder of \$4 in General Revenue to construct replacement of the San Antonio State Hospital and Austin State Hospital, the 100 bed unit at Rusk State Hospital, and funding for new projects for the Legislature to consider.

15. State Supported Living Centers.

- a. *2020-21 Biennium.* Recommendations total \$1,369.1 million in All Funds (\$518.9 million in General Revenue) for the 2020-21 biennium. This is a \$5.5 million decrease in All Funds (\$49.7 million decrease in General Revenue) from the 2018-19 biennium. The decrease in General Revenue is primarily due to more favorable FMAP assumptions, resulting in \$44.5 million in General Revenue savings. Recommendations for the state supported living centers (SSLCs) continue the agency's fiscal year 2018 estimated expenditures into fiscal year 2020, with reductions to account for the following:
 - \$5.0 million in General Revenue reduction associated with contract savings: HHSC cancelled certain non-essential state office contracts on September 1, 2018. Services provided through the contracts, including external quality reviews and risk assessments, were part of a quality improvement program required by the 2009 settlement agreement between the state and the U.S. Department of Justice. According to HHSC, the functions of the non-essential state office contracts were brought in-house, resulting in an overall savings of \$5.0 million;
 - \$2.7 million in All Funds (\$1.2 million in General Revenue) reduction related to LBB staff-projected census declines at the SSLCs: Recommendations assume 10.0 percent of prior fiscal year's budgeted expenditures are variable and reduce the variable portion of expenditures by a projected census decline of 1.9 percent in fiscal year 2019 and 2.0 percent in fiscal year 2020. Recommendations assume a reduction of \$1.3 million in All Funds (\$0.6 million in General Revenue) in fiscal year 2019 and include an additional reduction of \$1.4 million in All Funds (\$0.6 million in General Revenue) in fiscal year 2020; and

- \$1.1 million in Federal Funds reduction due to the discontinuation of Money Follows the Person (MFP) Rebalancing Demonstration in fiscal year 2020: Texas is approved to spend MFP funds until August 2019. HHSC is seeking approval from CMS to spend the funds through September 2020. Recommendations assume Texas's current authority for MFP expenditures.

Overall recommendations for fiscal year 2020 total \$685.2 million in All Funds (\$263.7 million in General Revenue).

Recommendations continue fiscal year 2020 assumptions into fiscal year 2021, with an additional \$1.4 million in All Funds (\$0.6 million in General Revenue) reduction associated with a further 2.0 percent decline in census, for a total of \$683.8 million in All Funds (\$255.3 million in General Revenue).

- b. *Summary of State Supported Living Center (SSLC) Long Range Planning Report.* HHSC is required to provide a report every two years that updates the public about the provision of services at the SSLCs. According to the report, the number of admissions exceeded the number of transitions to community settings during the 2016-17 biennium, slowing the census decline. However, total overall separations, which includes community transitions, deaths, and discharges, continued to be higher than admissions. Since fiscal year 2010, the most frequent type of admission to SSLCs has been Involuntary Regular commitments, or individuals with a diagnosis of IDD who meet civil commitment criteria. Almost 39 percent of the 139 new admissions during fiscal year 2017 had a Home and Community-based Services (HCS) waiver slot at the time of admission; the agency reports residents with complex behavioral health needs are unable to have their needs met in a community setting.
16. **Office of Minority Health Statistics and Engagement.** Recommendations for the 2020-21 biennium include a decrease of \$2.3 million in All Funds (\$0.7 million in General Revenue) in Strategy F.3.3, Additional Advocacy Programs, and the deletion of former Rider 135, Office of Minority Health Statistics and Engagement, due to the discontinuation of the Office of Minority Health Statistics and Engagement (Office). Rider 135 identified funding and FTEs to carry out the functions of the Office in fiscal year 2018. The rider limited Office funding in fiscal year 2019 to federal grants, interagency contracts, and gifts and donations if HHSC was unsuccessful in transferring the functions of the Office to a university. The agency was unable to transfer the functions of the Office to a university, and the Office ceased functions as of September 1, 2018.
17. **Women's Health Programs.** Recommendations include \$278.8 million in All Funds (\$141.1 million in General Revenue) for women's health programs for the 2020-21 biennium, which is a decrease of \$0.2 million in All Funds (\$58.8 million in General Revenue) from 2018-19 spending levels.
 - a. *Healthy Texas Women (HTW).* As outlined in HHSC Rider 104, Funding for Healthy Texas Women Program (2018-19 GAA), fiscal year 2019 appropriations for HHSC Strategy D.1.1, Women's Health Programs, assumed HHSC would seek approval to receive federal matching funds for the HTW Program. The GAA assumed a 90 percent federal matching rate and included \$90.0 million in Medicaid Federal Funds and \$10.0 million in General Revenue Match for Medicaid in fiscal year 2019 for HTW. On June 30, 2017, HHSC submitted the Healthy Texas Women Section 1115 Demonstration Waiver application to the Centers for Medicare and Medicaid Services (CMS), with a proposed effective date of September 1, 2018. The application is pending.

The 2018-19 GAA assumed all HTW expenditures would be subject to a 90 percent federal matching rate, however, if approved, family planning services are anticipated to be matched at 90 percent and non-family planning services are anticipated to be matched at FMAP. The 2018-19 base, as well as 2020-21 recommendations, assume this mix of match rates. The increased General Revenue demand was addressed through transfers in fiscal year 2019.

Recommendations for 2020-21 include \$161.4 million in All Funds, reflecting a \$55.7 million increase in Federal Funds due to an assumed full biennium of waiver approval, offset by a corresponding decrease in General Revenue. Recommendations also include \$5.8 million in Vendor Drug Rebates – Public Health (General Revenue Account No. 8046), offset by a corresponding decrease in General Revenue. HHSC receives these rebates from manufacturers of long-acting reversible contraception (LARC). Recommendations also include modifying Rider 81, Vendor Drug Rebates and Report, to provide HHSC appropriation authority for rebates generated in excess of appropriations. If vendor drug rebate collections are higher than assumed in the GAA, the rider directs HHSC to use the rebates as a first source and to decrease General Revenue expenditures by a like amount so as to not exceed All Funds appropriations for the program. See also Section 4, Rider Highlights.

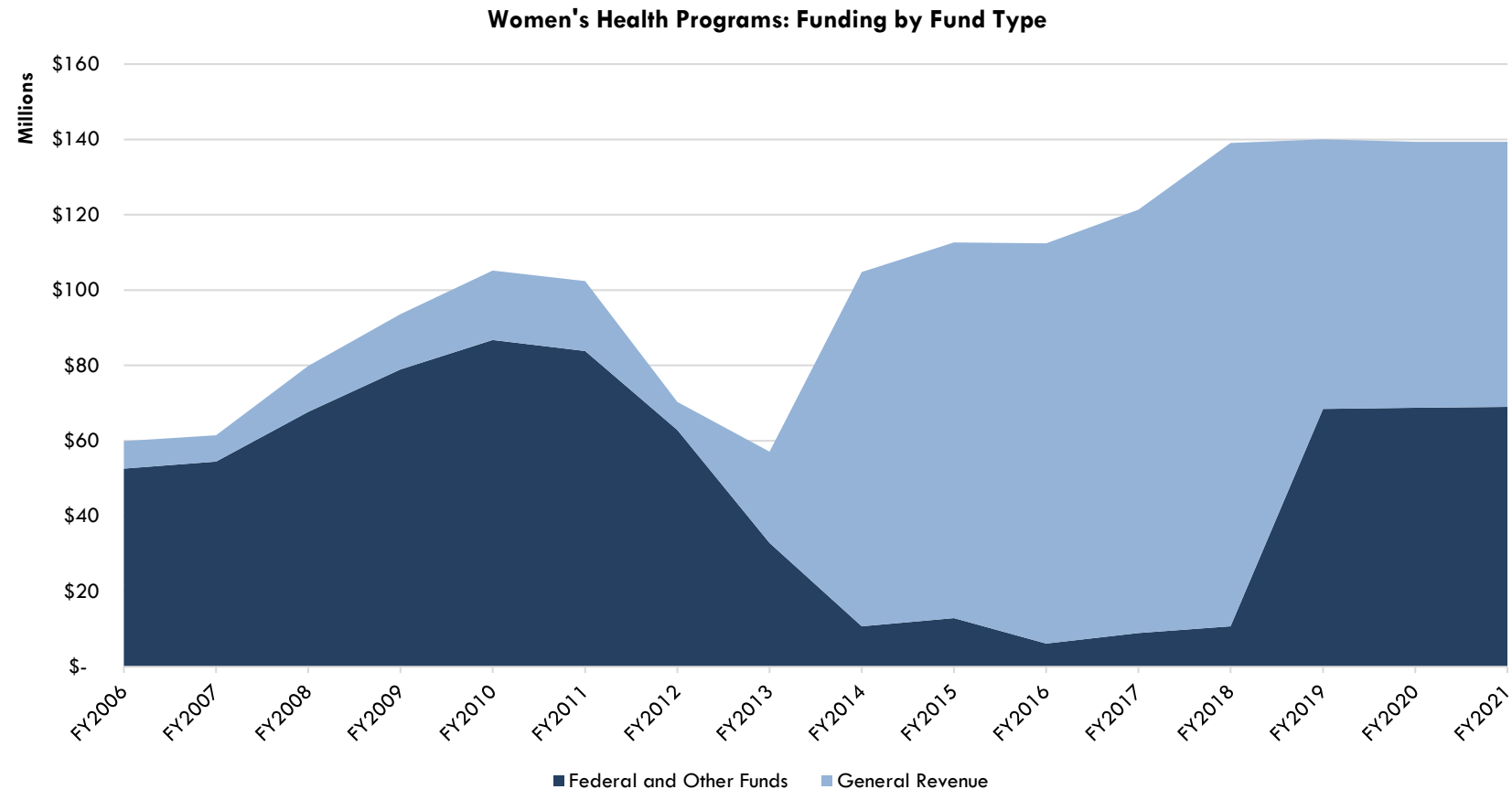
- b. *Family Planning Program (FPP)*. Recommendations maintain 2018-19 spending levels of \$80.8 million in All Funds (\$77.0 million in General Revenue) for FPP.
- c. *Breast and Cervical Cancer Services (BCCS)*. Recommendations include \$20.1 million in All Funds (\$3.0 million in General Revenue) for BCCS, and assume a \$0.6 million biennial increase in Federal Funds, offset by a corresponding decrease in General Revenue. Recommendations are \$0.6 million in Appropriated Receipts (Other Funds) below the 2018-19 base due to one-time settlement funds received from the State of Washington assumed in fiscal year 2019.
- d. *Title V Women's Dental and Health Services*. The Title V Women's Dental and Health Services program provides prenatal services to pregnant women who are in the process of applying for and enrolling in Medicaid or the CHIP Perinatal program. Because the services provided and population served by the program are dissimilar to HTW, FPP, and BCCS, recommendations transfer both historical and recommended funding for Title V Women's Dental and Health Services from Strategy D.1.1, Women's Health Programs, to Strategy D.1.8, Title V Dental and Health Services, which also includes Title V Children's Dental and Health Services. Recommendations for Strategy D.1.8, Title V Dental and Health Services, include \$17.5 million in All Funds (\$3.2 million in General Revenue).
- e. *Administration*. Recommendations include \$16.5 million in All Funds (\$9.6 million in General Revenue) for administration of HTW, FPP, and BCCS, and assume a \$2.9 million biennial increase in Federal Funds, offset by a corresponding decrease in General Revenue. The majority of the Federal Funds increase (\$2.8 million) is based on the assumption that approval of HHSC's 1115 Waiver application will result in a 50 percent federal matching rate for administrative expenditures related to HTW. Recommendations assume HHSC will hire additional FTEs in fiscal year 2019 to administer these programs and reflect a \$0.3 million All Funds increase to biennialize fiscal year 2019 funding.

Funding for Women's Health by Program (in millions)

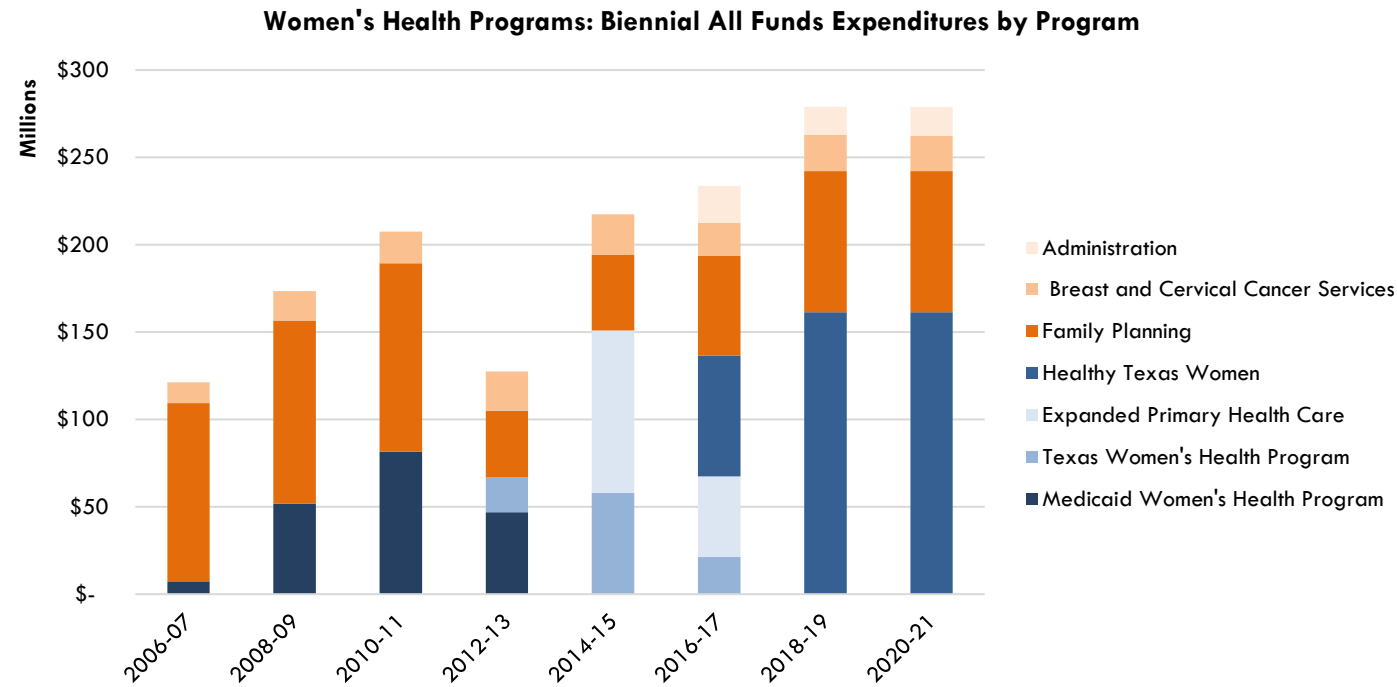
	Healthy Texas Women		Family Planning Program		Breast and Cervical Cancer Services		Administration		Total, D.1.1, Women's Health Programs	
	General Revenue	All Funds	General Revenue	All Funds	General Revenue	All Funds	General Revenue	All Funds	General Revenue	All Funds
2018-19 Spending Level	\$107.1	\$161.3	\$77.0	\$80.8	\$3.6	\$20.8	\$12.2	\$16.1	\$199.9	\$279.0
2020-21 Biennium Recommendations	\$51.4	\$161.3	\$77.0	\$80.8	\$3.0	\$20.1	\$9.6	\$16.5	\$141.1	\$278.8
Biennial Change	(\$55.7)	-	-	-	(\$0.6)	(\$0.6)	(\$2.5)	\$0.3	(\$58.8)	(\$0.2)

Source: Legislative Budget Board.

The two figures below show spending on women's health programs for fiscal years 2006 through 2021.

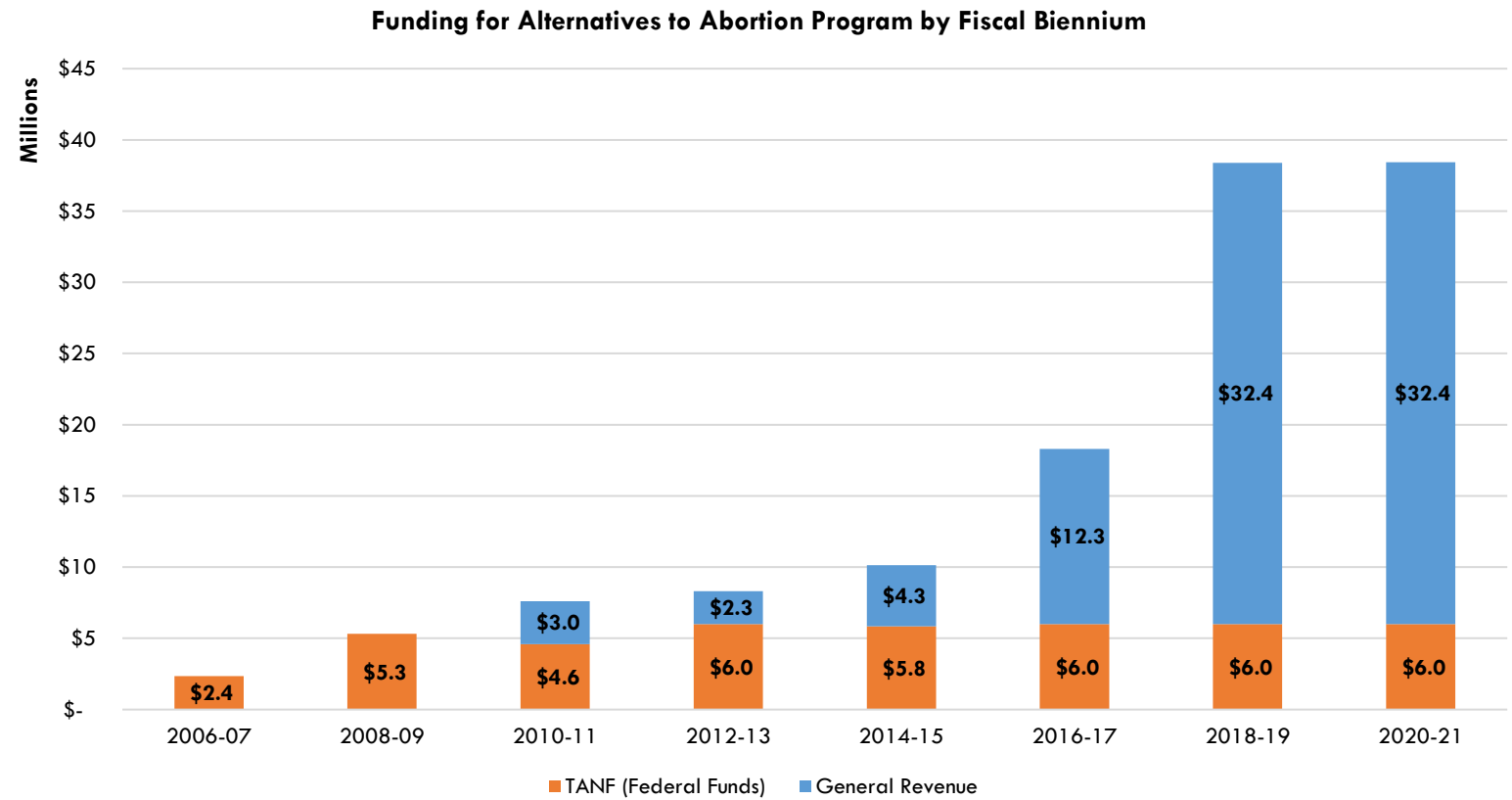


Source: Legislative Budget Board.



Source: Legislative Budget Board.
Note: Administrative costs are rolled into program costs prior to the 2016-17 biennium.

18. **Alternatives to Abortion.** Recommendations include \$38.4 million in All Funds (\$32.4 million in General Revenue) in Strategy D.1.2, Alternatives to Abortion, for the 2020-21 biennium, which is a \$66,479 increase above 2018-19 spending levels, due to biennialization of funding for contract oversight staff.
- Appropriations for the 2018-19 biennium included \$18.3 million in All Funds (\$12.3 million in General Revenue) for Strategy D.1.2, Alternatives to Abortion. Additionally, HHSC Rider 107, Alternatives to Abortion (2018-19 GAA), allowed HHSC to transfer up to \$20.0 million from any appropriated funds into Strategy D.1.2, Alternatives to Abortion, if the agency determined that there was a demand based on program utilization. Rider 107 also required HHSC to submit an annual report to the LBB and the Governor’s Office regarding any identified need for additional funds and expenditure of funds by grant recipients.
- HHSC’s first report identified three opportunities for program expansion: expanding services through a child’s third birthday; adding pregnancy care case management; and adding job training and placement services. The report also communicated HHSC’s intention to transfer \$20.0 million into Strategy D.1.2, Alternatives to Abortion, pursuant to Rider 107. The agency later indicated that the funding would be transferred out of Medicaid. The figure below shows funding for the Alternatives to Abortion program by method of finance for fiscal years 2006 through 2021.



Note: Fiscal years 2006 through 2017 are expended; fiscal year 2018 is estimated; fiscal year 2019 is budgeted; fiscal years 2020 and 2021 are recommended.
Source: Legislative Budget Board.

Subcontractors, which include adoption agencies, residential care facilities for pregnant women, pregnancy centers, and social service providers, provide the following services:

- Counseling, referral, and pregnancy information through a hotline and website;
- Mentoring;
- Information regarding pregnancy and parenting;
- Support groups in maternity homes;
- Referrals to community and social service programs such as childcare, transportation, housing, and state and federal benefit programs;
- Classes on life skills, budgeting, parenting, stress management and obtaining a GED certificate; and
- Material items such as car seats, maternity clothes, infant diapers, and formula.

Under the expanded program, services are available to any pregnant woman or adoptive parent who seeks services from a contracted program provider. Services are available for a period of three years postpartum; 90 days after miscarriage or loss of a child; or for up to two years post-adoption finalization.

19. **Early Childhood Intervention (ECI) Services.** Recommendations include \$293.6 million in All Funds (\$60.2 million in General Revenue) for the 2020-21 biennium, which is a \$4.2 million Federal Funds increase above 2018-19 spending levels for anticipated caseload growth. Recommendations include Legislative Budget Board (LBB) forecasted amounts for total expenditures, average monthly caseload, average monthly cost per child, and average monthly hours of services per child. Caseloads grew 3.2 percent in fiscal year 2018. Projections assume similar growth in fiscal year 2019 and slower growth for the 2020-21 biennium similar to population projections. Average cost for the 2020-21 biennium is maintained at the fiscal year 2019 level. Average monthly service hours of 2.82 per child in fiscal year 2018 are maintained through fiscal year 2021. The table below illustrates the LBB's projections for ECI caseload:

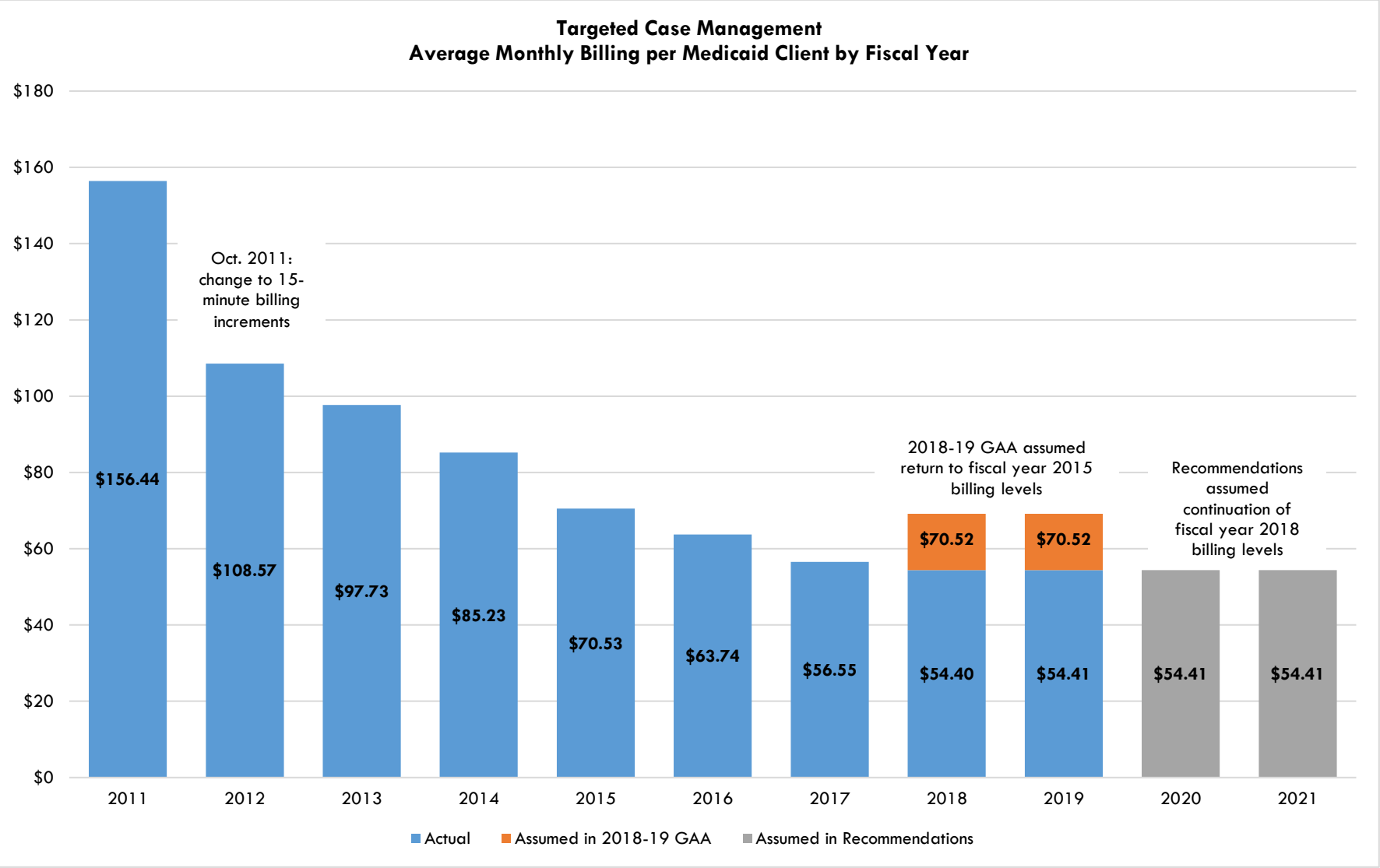
Average Monthly Number of Children Served in Comprehensive Services

Fiscal Year	2017	2018	Trend	2019	Trend	2020	Trend	2021	Trend
LBB Recommendations	28,647	29,553	3.2%	30,513	3.2%	30,761	0.8%	30,832	0.2%

- a. *Medicaid Billing.* Included in each ECI provider's contract is a maximum amount to be reimbursed by HHSC, and an amount to be collected by the provider from Medicaid billings for targeted case management (TCM), specialized skills training (SST) services, and Medicaid Administrative Claiming (MAC) costs.
- i. *Targeted Case Management (TCM) Reimbursement:* ECI providers can receive reimbursement for providing TCM, which involves assisting Medicaid-eligible clients and their families to gain access to the rights and procedural safeguards under IDEA Part C, and to needed medical, social, educational, developmental, and other appropriate services. TCM billing began to decline in fiscal year 2012, after the state plan changed to require providers to bill for TCM in 15-minute increments instead of billing by the hour. Though the initial decline in TCM billing between fiscal years 2011 and 2012 was expected, billing has continued to decline in every year since. HHSC has not provided a complete explanation for the continued decline. However, declines in Medicaid billing should represent a decline in services provided by ECI contractors, which should reduce overall provider costs.

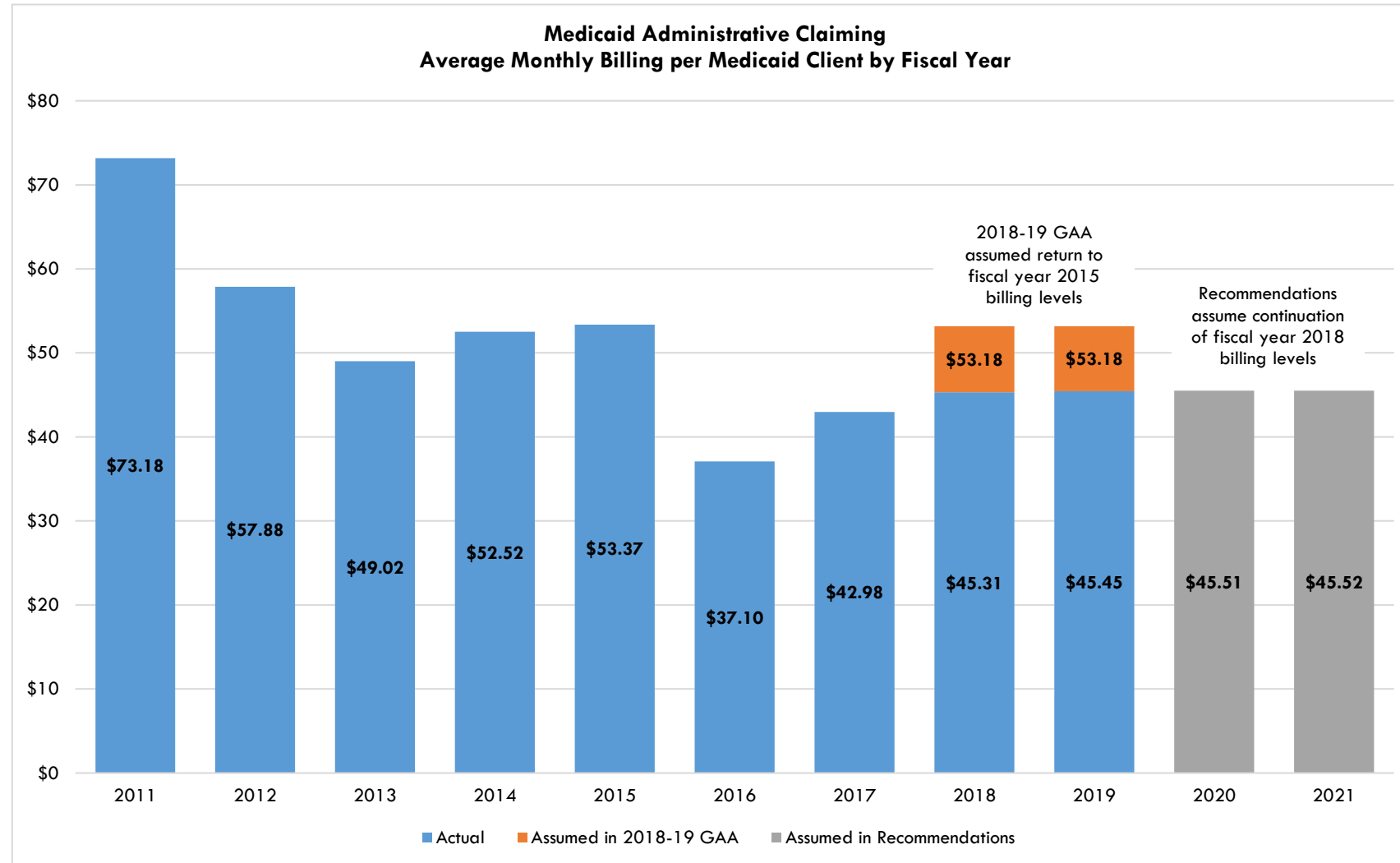
In order to increase TCM billing, HHSC Rider 114, Early Childhood Intervention (ECI) Services: Medicaid Billing (2018-19 GAA), directed HHSC to provide technical assistance to local ECI providers regarding TCM. Additionally, Rider 114 allowed HHSC to seek federal approval for a Medicaid state plan amendment to authorize Medicaid reimbursement for pooled increments of TCM services. HHSC indicated that the agency took several steps to provide technical assistance in accordance with the rider, including: presenting TCM trends and best practices at a meeting of ECI program directors; establishing a TCM workgroup that meets monthly; providing training on TCM billing and reimbursement to ECI contractors; and beginning a project to revise TAC rules to define TCM and clarify TCM documentation requirements. HHSC has not sought a state plan amendment to authorize Medicaid reimbursement for pooled increments of TCM.

TCM billing is projected to decline 3.8 percent between fiscal year 2017 and fiscal year 2018, to an average of \$54.40 per Medicaid client per month. Recommendations maintain fiscal year 2018 billings for TCM during the 2020-21 biennium. The figure below shows average monthly TCM billing per Medicaid client for fiscal years 2011 through 2021.



Source: Legislative Budget Board; Health and Human Services Commission.

- ii. *Medicaid Administrative Claiming (MAC)*. ECI contractors can also receive reimbursement for MAC, which includes activities that facilitate client access to medically necessary Medicaid-funded services. Billings for MAC have declined significantly from fiscal year 2011 levels. Additionally, between fiscal year 2015 and fiscal year 2016, MAC billings declined 30.5 percent, and have not fully recovered since. The agency has not been able to provide a clear reason for the emerging decline in MAC billing. Recommendations assume continuation of fiscal year 2018 billing levels. The figure below shows average monthly MAC billing per Medicaid client for fiscal year 2011 through 2021.



Source: Legislative Budget Board; Health and Human Services Commission.

- b. *IDEA Part C Expenditures:* HHSC regularly does not expend all of the IDEA Part C Federal Funds appropriated to the agency for ECI services. This can be partially attributed to Medicaid billings for TCM, SST, or MAC being lower than appropriated levels assumed. The General Revenue appropriated as match for Medicaid for these services is then reclassified as unmatched General Revenue. HHSC uses this unmatched General Revenue in lieu of Part C funding in order to meet the maintenance of effort (MOE) requirement for Part C. The base assumes all appropriated IDEA Part C Federal Funds will be expended in 2018-19. The table below compares IDEA Part C appropriations to actual expenditures for fiscal years 2014 through 2019.

IDEA Part C Appropriations versus Expenditures for Fiscal Years 2014 through 2019 (in millions)

Fiscal Year	2014	2015	2016	2017	2018	2019
Appropriations	\$40.7	\$48.4	\$41.0	\$53.3	\$42.3	\$46.9
Expenditures	\$31.2	\$47.3	\$31.9	\$44.9	\$42.3	\$46.9
Unexpended IDEA Part C Funds	\$9.5	\$1.0	\$9.1	\$8.4	-	-

Note: Appropriations include regular appropriations, supplemental appropriations, and approved transfers into the ECI program. Expenditures for fiscal years 2014 through 2017 are based on data submitted to LBB by HHSC. Fiscal years 2018 and 2019 are based on LBB forecast, which assumes HHSC will expend all IDEA Part C appropriations in fiscal year 2018 and 2019.

- c. *ECI Provider Contracts:* HHSC works with contractors to provide ECI services for the state. HHSC signed contracts with 42 contractors to provide ECI services in fiscal year 2019. In fiscal year 2018, three providers gave notice of intent to terminate their contracts with HHSC to provide ECI services.

HHSC bases ECI contract amounts (referred to as the “cost reimbursement” amount), in part, on the amount the agency projects each contractor would bill for Medicaid TCM, SST, and MAC. HHSC determines each contractor’s estimated total need and subtracts estimated Medicaid TCM, SST, and MAC collections to arrive at the contractor’s preliminary cost reimbursement amount. Additional adjustments may be made by HHSC to stay within the overall ECI program budget or to adjust for other factors, but this is generally how the agency determines a contractor’s cost reimbursement amount. Cost reimbursement amounts are paid with TANF Federal Funds, IDEA Parts B and C Federal Funds, Foundation School Funds, General Revenue Match for MAC, and any General Revenue not used as Medicaid matching funds. The cost reimbursement amount identified in an ECI provider’s contract is the maximum amount they would be reimbursed, even if the provider serves more children than the contract assumed. However, HHSC can make mid-year adjustments to contract amounts based on actual provider caseload.

As noted in subsection (b) above, when billing for Medicaid TCM, SST, or MAC is less than amounts assumed in the GAA, HHSC reclassifies the associated General Revenue Match for Medicaid as unmatched General Revenue, and expends this General Revenue in lieu of IDEA Part C Federal Funds in order to meet federal MOE requirements. This then leaves a balance of unexpended Part C funds. According to HHSC, ECI provider contracts are not currently structured in a way where any Part C balances remaining at the end of the fiscal year can be utilized to cover provider costs in excess of the cost reimbursement amount determined in the initial contract or during mid-year adjustments. HHSC is not exploring ways in which contracts can be restructured so any remaining IDEA Part C appropriations can be distributed to providers after the end of the fiscal year. LBB staff are looking into the feasibility of HHSC making such changes to the contract structure.

20. **Pediatric Tele-connectivity Resource Program for Rural Texas.** Recommendations include \$5.8 million in All Funds (\$2.7 million in General Revenue) in Strategy D.1.10, Additional Specialty Care, for the Pediatric Tele-connectivity Resource Program For Rural Texas established by House Bill 1697, Eighty-fifth Legislature, Regular Session, 2017. The purpose of the program is to award grants to rural health care facilities to connect the facilities with pediatric specialists and subspecialists who provide telemedicine services. Recommendations assume HHSC will be able to receive federal Medicaid and CHIP matching funds for the program.

21. **Temporary Assistance for Needy Families (TANF) Cash Assistance.** Recommendations assume an increase of \$4.0 million in All Funds, including \$0.1 million in General Revenue and \$3.9 million in TANF Federal Funds, above 2018-19 expenditure levels to fund assumed increases in caseload and grant per recipient. Caseloads in the TANF Cash Assistance programs have mostly declined since fiscal year 2004. Recommendations assume continued caseload declines through fiscal year 2019 and 1.0 percent caseload growth in fiscal years 2020 and 2021 in the TANF program, the TANF State Program for two-parent families, and One-Time Payments for Children. Grant per recipient historically increases each year because the maximum grant is tied to the Federal Poverty Level (FPL), which in turn is tied to the Consumer Price Index. LBB staff forecast assumes an increase in the grant per recipient amount for both monthly cash assistance programs of 2.4 to 2.6 percent in fiscal year 2020 and fiscal year 2021 based on projected growth in the FPL. Recommendations maintain the eligibility for TANF at 17 percent of FPL.
22. **Hurricane Harvey.**
- a. *Other Needs Assistance (ONA).* HHSC is the state agency responsible for administering ONA after a disaster. ONA provides funding for the repair or replacement of damaged personal property or other disaster-related expenses. ONA is 75 percent funded by the Federal Emergency Management Agency (FEMA) and 25 percent funded by the state. HHSC provided notification of several appropriation transfers in fiscal year 2018, totaling \$110.0 million in General Revenue, and an increase of 223.0 temporary FTE positions in order to provide and administer ONA after Hurricane Harvey. The General Revenue was used to draw down \$343.7 million in Federal Funds.
 - b. *CHIP.* HHSC waived CHIP copayments and enrollment/renewal fees through November 30, 2017 for recipients affected by Hurricane Harvey. Managed Care Organizations (MCOs) were to compensate providers for the waived copayments and HHSC anticipates reimbursing MCOs \$0.5 million in All Funds (\$37,224 in General Revenue) in fiscal year 2019. Waived fees resulted in a decline in premium copayment revenue in fiscal year 2018.
 - c. *Behavioral Health.* HHSC received two federal grants after Hurricane Harvey for the Texans Recovering Together program, which provided free, confidential crisis counseling and referral services to people impacted by the disaster.
 - d. *Disaster Supplemental Nutrition Assistance Program (D-SNAP).* HHSC is the state agency responsible for administering D-SNAP, which is 100 percent federally funded and is not reflected in the agency's bill pattern.
23. **Regulatory Functions.** Recommendations for strategies in Goal H, Regulatory Services, include \$310.6 million in All Funds (\$119.8 million in General Revenue and \$16.7 million in General Revenue-Dedicated Funds), which is an increase of \$9.7 million in All Funds (increase of \$18.7 million in General Revenue and a decrease \$11.6 million in General Revenue-Dedicated Funds) compared to 2018-19 spending levels, primarily related to biennialization of funding transferred from Strategy I.1.1, Integrated Eligibility & Enrollment, for certain regulatory FTEs approved by the LBB in fiscal year 2018 and to the impact of HHSC's revised Public Assistance Cost Allocation Plan.
- a. *Consolidation of Regulatory Functions.* Pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015, certain regulatory functions transferred from the Department of Aging and Disability Services (DADS), Department of Family and Protective Services (DFPS), and DSHS to HHSC on September 1, 2017.
- Pursuant to SB 200, Child Care Licensing (CCL), including both licensing and investigation activities, was slated to transfer from DFPS to HHSC on September 1, 2017. This transfer was assumed in the 2018-19 GAA. However, Senate Bill 11, Eighty-fifth Legislature, 2017; House Bill 5, Eighty-fifth Legislature, 2017; and House Bill 249, Eighty-fifth Legislature, 2017, amended statute to require the Child Protective Services (CPS) division of DFPS to perform all investigations of alleged abuse, neglect, or exploitation occurring in a child care facility.
- \$6.9 million in All Funds (\$3.0 million in General Revenue) and 119.0 FTEs in each year of the 2018-19 biennium were transferred from HHSC Strategy H.1.3, Child Care Regulation, to DFPS in order for DFPS to fulfill investigative functions. HHSC continues to be responsible for child care licensing activities.

- b. *Texas.Gov.* HHSC utilizes *Texas.Gov* for a number of the agency's regulatory programs. Recommendations include new Strategy H.4.1, *Texas.Gov*, to capture subscription fees paid by HHSC to the *Texas.Gov* vendor. Recommendations maintain agency-reported annual subscription fees of \$0.1 million for fiscal years 2018 and 2019 into the 2020-21 biennium.

(See *Selected Fiscal and Policy Issue #25* for information about the *Public Assistance Cost Allocation Plan*)

24. **Sunset Review of Behavioral Health Boards.** The Texas State Board of Examiners of Marriage and Family Therapists, Texas State Board of Examiners of Professional Counselors, and Texas State Board of Social Worker Examiners, which fall under HHSC, are currently undergoing Sunset Review (see Rider Highlights #129, Sunset Contingency). Recommendation 1.1 of the *Sunset Advisory Commissions' Staff Report with Commission Decisions* (June 2018) is to consolidate the Board of Examiners of Marriage and Family Therapists, Board of Examiners of Professional Counselors, and Board of Social Worker Examiners with the Board of Examiners of Psychologists—currently an independent agency under Article VIII—to form the Texas Behavioral Health Executive Council. If adopted by the Legislature, Sunset Recommendation 1.1 would transfer funding and FTEs for the boards from HHSC to the new Behavioral Health Executive Council in fiscal year 2021. None of the remaining recommendations, if implemented, would have a fiscal impact at HHSC. According to the Sunset Commission, the net cost to the state to implement recommendations would be \$0.9 million in General Revenue in fiscal year 2020.
25. **Administration.** Recommendations include \$942.5 million in All Funds (\$340.3 million in General Revenue) for all strategies in Goal L, System Oversight and Program Support, which is an increase of \$18.7 million All Funds (\$22.5 million in General Revenue) over 2018-19 spending levels. Activities within Goal L, System Oversight and Program Support, include: human resources; civil rights; procurement and contracting; ombudsman; executive leadership and policy; IT related capital projects and program support; legal; communications; risk and compliance management; rate analysis and system forecasting; actuarial analysis; strategic planning; program evaluation; internal audit; and budget management.
 - a. *Public Assistance Cost Allocation Plan (PACAP).* As the state administrator of certain public assistance programs including Medicaid, CHIP, and TANF, HHSC is required to have a PACAP. The PACAP allocates all HHSC direct and indirect administration costs to benefitting HHSC programs and to DSHS and DFPS.

The consolidation of the health and human services agencies required by Senate Bill 200, Eighty-fourth Legislature, 2015, resulted in a need for HHSC to update the agency's PACAP. According to HHSC, the transfer of several heavily General Revenue funded programs to the agency, such as state hospitals, results in the allocation of more administrative costs to General Revenue than under the previous PACAP. In order to ensure General Revenue expenditures for administration did not exceed appropriations during the 2018-19 biennium, HHSC operated administrative functions at reduced levels and instituted an internal hiring freeze in Goal L during fiscal year 2018. HHSC indicated that, while the agency was able to operate administrative functions at a lower All Funds level during the 2018-19 biennium, this practice is not sustainable.

The table below compares appropriations, expenditures, and recommendations from fiscal year 2016 to fiscal year 2021 for strategies in Goal L, System Oversight and Program Support. Appropriations for the 2018-19 biennium were \$164.2 million in All Funds below 2016-17 spending levels. The majority of this reduction was in Interagency Contracts (IAC) and is attributable to HHS transformation. The decrease in IACs was partially offset by a \$60.3 million increase in General Revenue. The agency's 2018-19 base was \$36.2 million below appropriations, which is attributable to HHSC operating administrative functions at a lower level in order to operate within General Revenue appropriations.

Recommendations partially restore HHSC to 2018-19 All Funds appropriated levels for strategies in Goal L, System Oversight and Program Support. This includes an increase of General Revenue to account for the impact the revised PACAP is expected to have on the allocation of administrative costs. This General Revenue was reallocated from one-time capital projects within strategies in Goal L, System Oversight and Program Support, and from Strategy I.1.1, Integrated Eligibility and Enrollment. Recommendations also include an increase of \$3.6 million in IAC over the 2018-19 base. These IACs are with DFPS and DSHS for system oversight. The increase in IAC may require additional appropriations for DFPS and DSHS.

Goal L, HHS Enterprise Oversight and Policy (in millions)

	2016-17 Base	2018-19 Approp	2018-19 Approp Over/(Under) 2016-17 Base	2018-19 Base	2018-19 Base Over/(Under) 2018-19 Approp	2020-21 Rec	2020-21 Rec Over/(Under) 2018-19 Base	2020-21 Rec Over/(Under) 2018-19 Approp
General Revenue	\$258.0	\$318.3	\$60.3	\$317.8	(\$0.5)	\$340.3	\$22.5	\$22.0
General Revenue-Dedicated	-	\$0.2	\$0.2	-	(\$0.2)	-	-	(\$0.2)
Federal Funds	\$363.8	\$322.7	(\$41.0)	\$279.1	(\$43.6)	\$271.7	(\$7.4)	(\$51.0)
Interagency Contracts (IAC)	\$498.4	\$314.1	(\$184.3)	\$325.1	\$11.0	\$328.7	\$3.6	\$14.6
Other Funds (non-IAC)	\$4.1	\$4.7	\$0.6	\$1.8	(\$2.9)	\$1.8	-	(\$2.9)
All Funds	\$1,124.2	\$960.0	(\$164.2)	\$923.7	(\$36.2)	\$942.5	\$18.7	(\$17.5)

Source: Legislative Budget Board.

Notes:

- (1) HHSC was appropriated \$0.2 million from General Revenue-Dedicated Account No. 129, Hospital Licensing, in Goal L in the 2018-19 biennium.
(2) Amounts may not sum due to rounding.

While the primary impact of the revised PACAP is on strategies in Goal L, HHS Enterprise Oversight and Policy, because the PACAP allocates all direct and indirect administrative costs, other changes throughout the agency are also attributable to revision of the PACAP. These shifts can be seen in strategies in Goal B, Medicaid and CHIP Support; Strategy D.1.10, Additional Specialty Care (related to the Office of eHealth); Strategy D.2.5, Behavioral Health Waiver and Plan Amendment; Strategy F.3.3, Additional Advocacy Programs; Strategy G.4.1, Facility Program Support; H.1.1, Facility/Community-Based Regulation; H.2.1, Child Care Regulation; H.3.1 Professional and Occupational Regulation; strategies in Goal I, Program Eligibility Determination and Enrollment; and Strategy K.1.2, OIG Administrative Support.

- b. *Administrative Support Services.* HHSC is statutorily required to provide administrative support services to DSHS and the Texas Civil Commitment Office (TCCO). Administrative support services include strategic planning and evaluation, audit, legal, human resources, information resources, purchasing, contracting, financial management, and accounting services. While House Bill 5, Eighty-fifth Legislature, Regular Session, 2017, established DFPS as an independent agency outside of the HHS System, the bill requires DFPS and HHSC to enter into contracts for the provision of administrative services including payroll, procurement, information resources, rate setting, purchasing, and contracting.

26. **Procurement and Contracting.** The Procurement and Contracting Section (PCS) within HHSC Strategy L.1.1, HHS System Supports, provides procurement and solicitation activities, contract administration, and contract reporting for the agency as well as for DSHS and DFPS. PCS is partially funded by IAC with DSHS and DFPS.

HHSC Procurement and Contracting Services Funding (in millions)

	2018-19 Estimated/Budgeted	2020-21 Recommended	2020-21 Recommended Over/(Under) 2018-19 Estimated/Budgeted
General Revenue	\$9.5	\$11.9	\$2.4
All Funds	\$33.3	\$36.0	\$2.7
FTEs	198.3	198.3	-

\$0.2 million in All Funds (\$0.1 million in General Revenue) and 4.0 FTEs in fiscal year 2018 and \$0.9 million in All Funds (\$0.4 million in General Revenue) and 4.0 FTEs in fiscal year 2019 was transferred from Strategy I.1.1, Integrated Eligibility and Enrollment, to PCS. Recommendations biennialize the transfer in 2020-21, resulting in an increase of \$0.9 million in All Funds (\$0.4 million in General Revenue). The remaining biennial increase for PCS is attributable to revision of the Public Assistance Cost Allocation Plan.

(See *Selected Fiscal and Policy Issue #5* for information about oversight of Managed Care Organization (MCO) contracts and *Selected Fiscal and Policy Issue #25* for information about the Public Assistance Cost Allocation Plan)

27. **Capital Needs.** Recommendations include the following related to capital needs and projects:

- *Texas Integrated Eligibility Redesign System (TIERS)* – Recommendations include \$334.3 million in All Funds (\$122.4 million in General Revenue) for TIERS capital projects and support. Recommendations maintain the 2018-19 base level of General Revenue and include a \$42.1 million decrease in Federal Funds to align with federal financial participation (FFP) rates for new development, maintenance, and operations of TIERS; revised cost allocation estimates based on the new Public Assistance Cost Allocation Plan; and the assumed expiration of a Federal waiver that allows states to utilize enhanced Medicaid matching rates for all costs of modernizing the eligibility systems, even when certain functionality also benefits other federal programs that are matched at a lower rate. The waiver's current three-year extension ends after December 2018. Current Medicaid matching rates for eligibility system modernization remain at 90 percent for design and implementation activities and at 75 percent for maintenance and operations. HHSC provides eligibility services to clients of state and federal programs including SNAP Food Benefits, TANF, CHIP, and Medicaid and TIERS is the eligibility system of record for all eligibility-related tasks.
- *Data Center Services (DCS) and Seat Management* – A portion of HHSC Seat Management project, Microsoft Office 365 licenses, is expected to be moved to the Data Center Services (DCS) contract managed by the Department of Information Resources (DIR) during fiscal year 2019. These licenses were previously exempt from HHSC's DCS contract with DIR. Recommendations include \$39.9 million in All Funds (\$19.5 million in General Revenue) for Seat Management and \$126.6 million in All Funds (\$64.3 million in General Revenue) for DCS to maintain current obligations. Recommendations shift \$25.0 million in All Funds (\$13.1 million in General Revenue) from Seat Management to DCS to account for the migration of Microsoft Office 365 licenses to the DIR DCS contract. Recommendations reflect a decrease of \$24.8 million (\$15.4 million in General Revenue) for Seat Management and an increase of \$21.3 million in All Funds (\$8.9 in General Revenue) for DCS.
- *Enterprise Data Governance (EDG)* – Recommendations include \$10.9 million in All Funds (\$1.6 million in General Revenue) for the EDG project, which is a decrease of \$1.2 million in All Funds (\$36,944 in General Revenue) from 2018-19 spending levels. The project includes assessment of the available HHS system data and the development and establishment of common data definitions, standards, policies, and procedures. Recommendations continue the EDG project to further develop standard data practices for the HHS system.
- *Vehicle Replacement* – Recommendations provide \$8.1 million in General Revenue to replace 248 vehicles that are projected to meet certain criteria before the end of fiscal year 2020, including \$7.9 million in General Revenue to replace 243 vehicles at state-owned facilities. This is an increase of \$7.5 million in General Revenue compared to 2018-19 spending levels.
- *Centralized Accounting and Payroll/Personnel System (CAPPS)* – Recommendations include \$2.8 million in All Funds (\$1.1 million in General Revenue) to align with the estimate provided by the Comptroller of Public Accounts for PeopleSoft licenses. Recommendations reflect an increase of \$0.1 million in All Funds (\$0.1 million in General Revenue) from 2018-19 spending levels.

- *Master Lease Purchase Program (MLPP)* – Recommendations include \$6.6 million in General Revenue for MLPP to align with the estimate provided by the Texas Public Finance Authority for energy and water conservation projects at the State Supported Living Centers and state hospitals. This reflects a reduction of \$1.0 million in General Revenue from 2018-19.

(See also Selected Fiscal and Policy Issue #25 for information about the Public Assistance Cost Allocation Plan)

28. **Integrated Eligibility and Enrollment.** Recommendations for Strategy I.1.1, Integrated Eligibility and Enrollment, maintain fiscal year 2019 appropriated All Funds levels and total \$1,229.6 million in All Funds (\$402.7 million in General Revenue) and 8,084.9 FTEs for the 2020-21 biennium, which is a decrease of \$99.3 million in All Funds (\$99.6 million in General Revenue) from the 2018-19 base spending level.

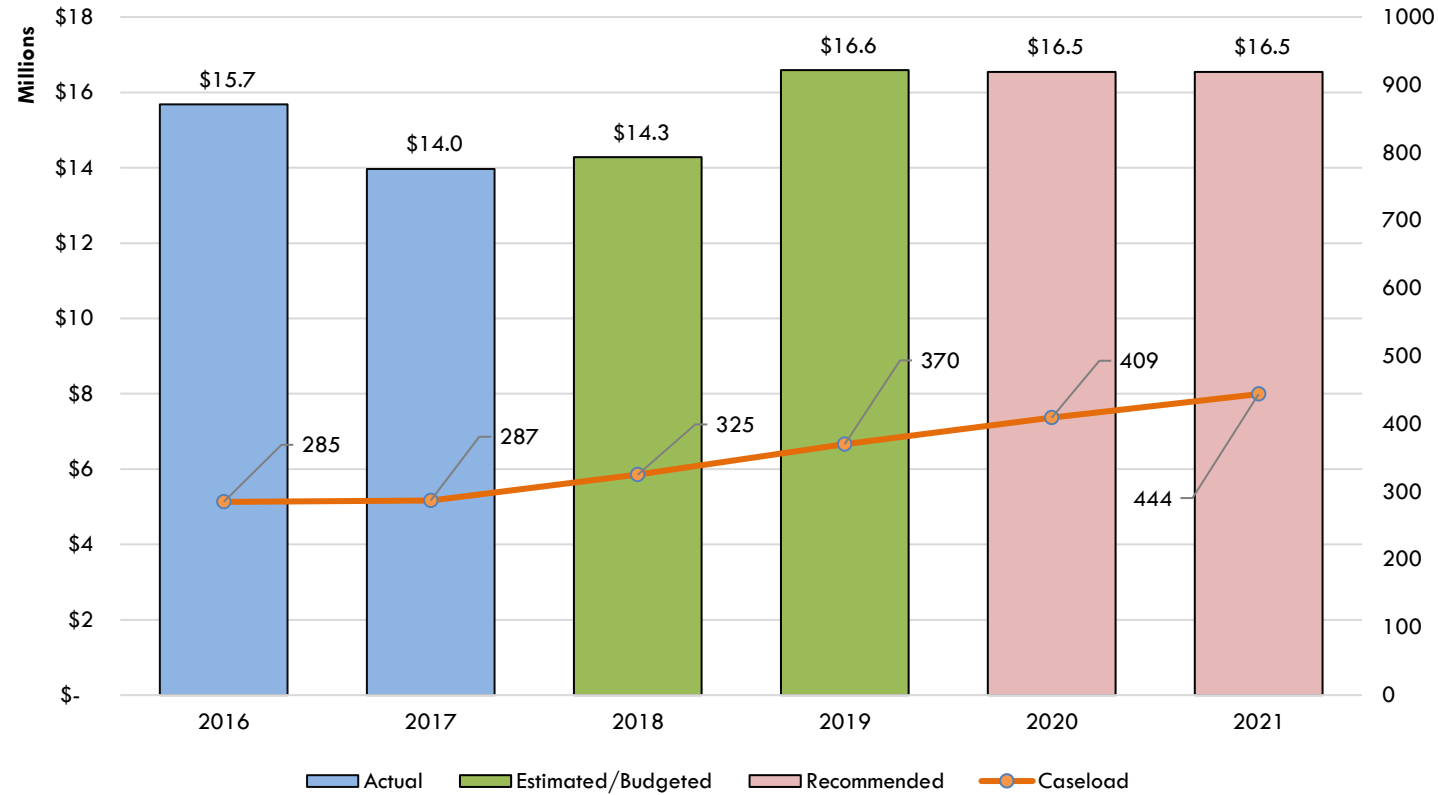
In the 2018-19 biennium, HHSC received approval from CMS for a higher Medicaid matching rate (75 percent) for certain eligibility functions than assumed in the 2018-19 GAA (50 percent), which HHSC indicated freed-up \$142.7 million in General Revenue. Special Provisions Relating to All Health and Human Services Agencies, Section 4(c) requires HHSC to obtain approval from the LBB and the Governor to expend General Revenue funds made available by a matching rate that becomes more favorable than the rate assumed in the 2018-19 GAA. While HHSC did receive approval to transfer \$30.3 million in freed-up General Revenue for various purposes, HHSC has not requested or received approval to expend the remaining General Revenue for any other purpose. In addition, HHSC was directed to transfer up to a total of \$90.0 million in surplus General Revenue (including surplus General Revenue in Strategy I.1.1, Integrated Eligibility and Enrollment) to Strategy D.1.1, Women's Health Program. To date, HHSC has not requested approval for expenditure of the freed-up General Revenue in fiscal year 2019, nor has the agency transferred any of the General Revenue to the Women's Health program, as directed. HHSC instead utilized freed-up General Revenue to increase the All Funds obligation in Strategy I.1.1, Integrated Eligibility and Enrollment, beyond the appropriated level in fiscal year 2018.

29. **Earned Federal Funds.** Recommendations decrease the Earned Federal Funds (EFF) target for HHSC to reflect actual and projected collections for the 2018-19 biennium. Recommended EFF is \$14.2 million in each fiscal year of the 2020-21 biennium, which is a decrease of \$3.6 million for the biennium from 2018-19 appropriated levels. Earned Federal Funds are dollars received in connection with a federal program, but by governing agreement are not required to be spent on that program. The most common examples of EFF are 1) recovery of costs previously paid from a non-federal source; 2) interagency contracts paid from another agency's federal funds; 3) depository interest earned on federal funds, and 4) sale of fixed assets purchased with federal funds. Agencies are provided General Revenue and are required to collect EFF at the level established in Article IX, Sec. 13.11, Definition, Appropriations, Reporting and Audit of Earned Federal Funds, or they must return General Revenue to the treasury in the amount equal to the amount not collected. General Revenue in Strategy I.2.1, Long-Term Care Intake & Access, is decreased by \$1.8 million in each fiscal year of the 2020-21 biennium to reflect the recommended EFF levels.
30. **Texas Civil Commitment Office – Administrative Attachment.** Government Code, § 420A.011, establishes the Texas Civil Commitment Office (TCCO) as an independent state agency administratively attached to HHSC. HHSC is required to provide administrative support services including human resources, budgetary, accounting, purchasing, payroll, information technology, and legal support services to the office as necessary to carry out its duties. TCCO contracts with a vendor to operate the Texas Civil Commitment Center (TCCC), which operates as a total confinement facility and as an intake and orientation facility for committed persons on release from a secure correctional facility. TCCO is statutorily required to provide supervision and treatment to all civilly committed sexually violent predators (SVPs).
31. **Texas Civil Commitment Office – Texas Civil Commitment Center Facility Capacity.** TCCO anticipates that the TCCC will reach maximum capacity at 346 SVPs in fiscal year 2019. The TCCC is owned by the City of Littlefield and is leased to Correct Care, LLC., which operates the TCCC under contract with TCCO. TCCO initiated a request for proposal (RFP) through HHSC in February 2018 to explore options to secure additional capacity or expand the current facility. HHSC did not publish the RFP until November 9, 2018. TCCO indicates that the cost for procuring the necessary capacity and services is difficult to predict due to the limited number of possible vendors, the limited interest from communities for being the site of such a facility, and the significant delays associated with the current RFP.

32. **Texas Civil Commitment Office Uncompensated Healthcare Costs.** Recommendations include \$0.6 million in General Revenue to provide for certain non-contract healthcare costs at the TCCC. TCCO received \$0.6 million in General Revenue in fiscal year 2018 in the 2018-19 General Appropriations Act to provide for healthcare for individuals at the TCCC that is not covered under the current contract, as detailed in Rider 155, Texas Civil Commitment Office Healthcare Costs. TCCO estimates \$0.3 million will be paid from appropriated funds in fiscal year 2018. The 2018-19 base assumes the transfer of \$0.3 million in unexpended balances from fiscal year 2018 to fiscal year 2019 to pay for additional noncontract healthcare costs in fiscal year 2019.
33. **Texas Civil Commitment Office Recommendations.** Recommendations for TCCO total \$16.5 million in All Funds and 35.0 FTEs in each fiscal year of the 2020-21 biennium. Recommendations continue funding at the fiscal year 2019 funding level in the 2020-21 biennium with an additional adjustment to remove \$0.2 million in Interagency Contracts for one-time grant funding received from the Governor's Criminal Justice Division in fiscal year 2018.

TCCO projects the number of civilly committed SVPs to be 409 by the end of fiscal year 2020 and 444 by the end of fiscal year 2021 (see chart on the next page). As of October 1, 2018, there are 321 civilly committed SVPs. The average cost to treat one SVP per year is approximately \$46,500.

Texas Civil Commitment Office – Funding and Number of Sex Offenders Provided Treatment and Supervision



Source: Legislative Budget Board; Texas Civil Commitment Office.

Note: This schedule does not include selected fiscal and policy issues for the Office of Inspector General (OIG). For OIG items, see Section 3 of the presentation titled *Health and Human Services Commission – Office of Inspector General: Summary of Recommendations – House*.

Health and Human Services Commission

Section 3-1

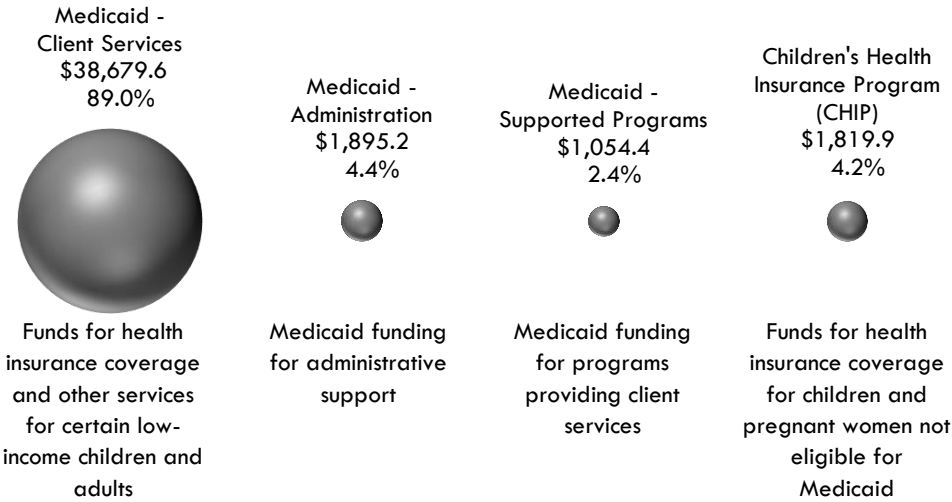
Supplemental Schedule 3-1: Cross-Article Behavioral Health Biennial Funding Recommendations - House

Agency	2018-19 Biennium Estimated / Budgeted		2020-21 Biennium House Bill 1, Introduced		Over/(Under) 2018-19 Biennium	
	General Revenue Related	All Funds	General Revenue Related	All Funds	General Revenue Related	All Funds
Office of the Governor, Trusteed Programs	\$ 23,590,585	\$ 152,386,112	\$ 22,910,620	\$ 152,784,703	\$ (679,965)	\$ 398,591
Veterans Commission	\$ -	\$ 12,178,000	\$ -	\$ 11,578,000	\$ -	\$ (600,000)
Article I Subtotal	\$ 23,590,585	\$ 164,564,112	\$ 22,910,620	\$ 164,362,703	\$ (679,965)	\$ (201,409)
Health and Human Services Commission	\$ 2,145,093,014	\$ 3,344,325,792	\$ 2,233,432,902	\$ 2,954,906,878	\$ 88,339,888	\$ (389,418,914)
Texas Civil Commitment Office	\$ 309,222	\$ 309,222	\$ 309,222	\$ 309,222	\$ -	\$ -
Department of Family and Protective Services	\$ 26,809,128	\$ 52,846,472	\$ 26,809,128	\$ 52,846,472	\$ -	\$ -
Department of State Health Services	\$ 1,528,479	\$ 2,873,837	\$ 3,956,189	\$ 5,323,118	\$ 2,427,710	\$ 2,449,281
Article II Subtotal	\$ 2,173,739,843	\$ 3,400,355,323	\$ 2,264,507,441	\$ 3,013,385,690	\$ 90,767,598	\$ (386,969,633)
Texas Education Agency	\$ -	\$ -	\$ 11,978,500	\$ 36,978,500	\$ 11,978,500	\$ 36,978,500
School for the Deaf	\$ -	\$ -	\$ 127,727	\$ 127,727	\$ 127,727	\$ 127,727
Texas Tech University Health Sciences Center	\$ -	\$ -	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
University of Texas - Health Science Center at Houston	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000	\$ -	\$ -
University of Texas - Health Science Center at Tyler	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ -	\$ -
Article III Subtotal	\$ 24,000,000	\$ 24,000,000	\$ 56,106,227	\$ 81,106,227	\$ 32,106,227	\$ 57,106,227
Supreme Court of Texas	\$ 1,234,000	\$ 1,234,000	\$ 2,000,000	\$ 2,000,000	\$ 766,000	\$ 766,000
Court of Criminal Appeals	\$ 637,000	\$ 637,000	\$ 637,000	\$ 637,000	\$ -	\$ -
Article IV Subtotal	\$ 1,871,000	\$ 1,871,000	\$ 2,637,000	\$ 2,637,000	\$ 766,000	\$ 766,000
Military Department	\$ 1,911,600	\$ 1,911,600	\$ 1,911,600	\$ 1,911,600	\$ -	\$ -
Commission on Jail Standards	\$ 375,021	\$ 375,021	\$ 371,712	\$ 371,712	\$ (3,309)	\$ (3,309)
Juvenile Justice Department	\$ 171,818,790	\$ 175,440,434	\$ 171,782,819	\$ 175,464,819	\$ (35,971)	\$ 24,385
Department of Criminal Justice	\$ 510,699,663	\$ 515,788,705	\$ 515,699,663	\$ 520,788,705	\$ 5,000,000	\$ 5,000,000
Article V Subtotal	\$ 684,805,074	\$ 693,515,760	\$ 689,765,794	\$ 698,536,836	\$ 4,960,720	\$ 5,021,076
Medical Board	\$ 1,084,984	\$ 1,084,984	\$ 1,084,984	\$ 1,084,984	\$ -	\$ -
State Board of Dental Examiners	\$ 266,611	\$ 266,611	\$ 263,856	\$ 263,856	\$ (2,755)	\$ (2,755)
Board of Nursing	\$ 2,010,916	\$ 2,010,916	\$ 2,010,916	\$ 2,010,916	\$ -	\$ -
Optometry Board	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ -	\$ -
State Board of Pharmacy	\$ 486,009	\$ 486,009	\$ 486,009	\$ 486,009	\$ -	\$ -
Board of Veterinary Medical Examiners	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ -	\$ -
Article VIII Subtotal	\$ 4,010,520	\$ 4,010,520	\$ 4,007,765	\$ 4,007,765	\$ (2,755)	\$ (2,755)
Cross Article Total, Excluding Medicaid and CHIP	\$ 2,912,017,022	\$ 4,288,316,715	\$ 3,039,934,847	\$ 3,964,036,221	\$ 127,917,825	\$ (324,280,494)
Estimated Behavioral Health Related Medicaid Expenditures		\$ 3,191,109,190		\$ 3,407,972,801		\$ 216,863,611
Estimated Behavioral Health Related CHIP Expenditures		\$ 92,989,978		\$ 111,699,426		\$ 18,709,449
Medicaid and CHIP Subtotal		\$ 3,284,099,167		\$ 3,519,672,228		\$ 235,573,060
Cross Article Total with Medicaid and CHIP		\$ 7,572,415,882		\$ 7,483,708,449		\$ (88,707,434)

Health and Human Services Commission

Summary of Federal Funds - Medicaid and CHIP (2020 - 21) - House

Total \$43,449.1M



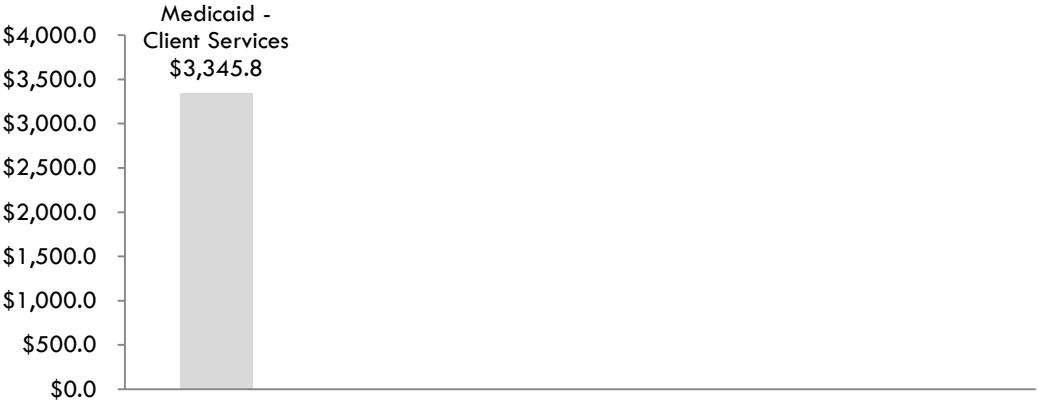
Selected Federal Fiscal and Policy Issues

Recommendations include a \$3.3 billion increase to Medicaid - Client Services. Major items contributing to the increase include projected caseload growth and maintaining fiscal year 2019 average costs for most services. In addition, net more favorable federal matching rates result in an increase in federal funds.

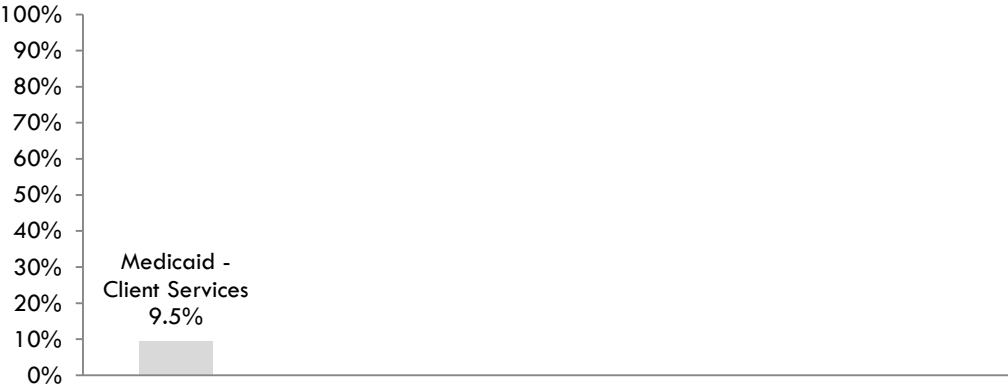
EFMAP will be more favorable in FFY 2020 than in FFY 2018 and is expected to be more favorable in FFY 2021 than in FFY 2019; however, the 23 percentage point increase pursuant to the federal ACA will end on September 30, 2019.

Programs with Significant Federal Funding Changes from 2018 - 19

Program Change-by Amount (In Millions)

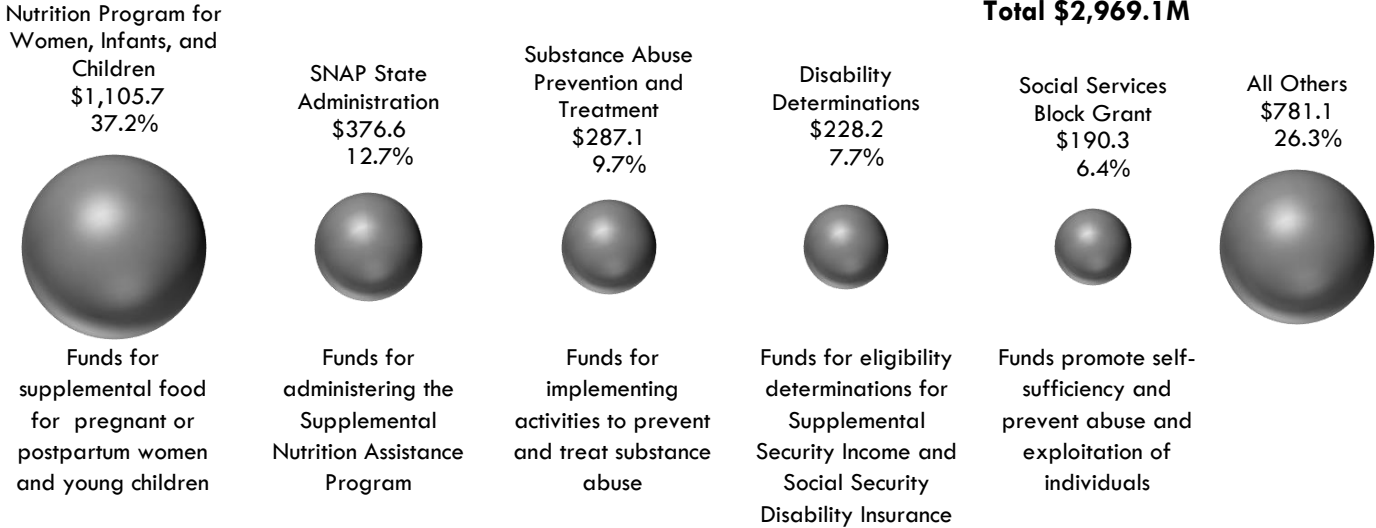


Program Change-by Percentage



Health and Human Services Commission

Summary of Federal Funds - Excludes Medicaid and CHIP (2020 - 21) - House

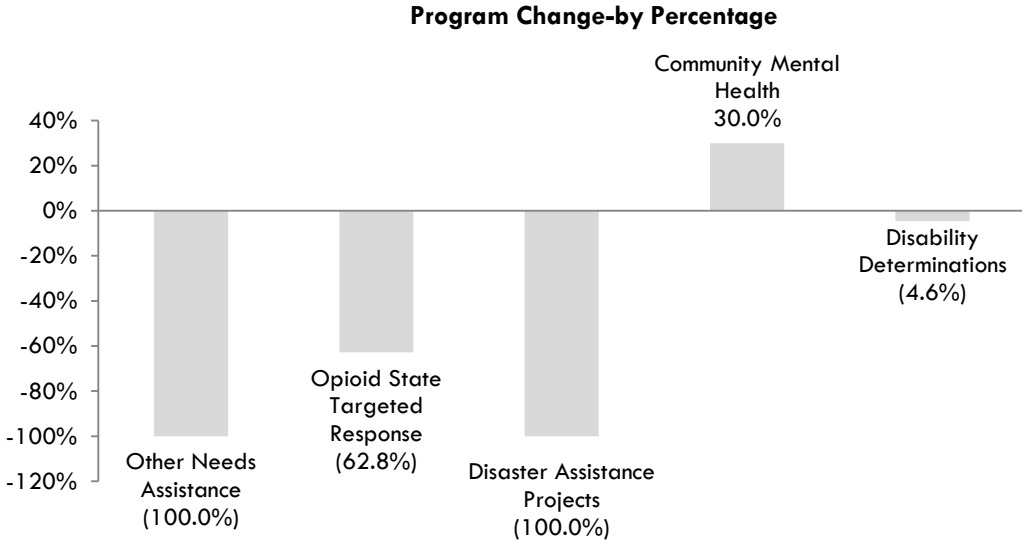
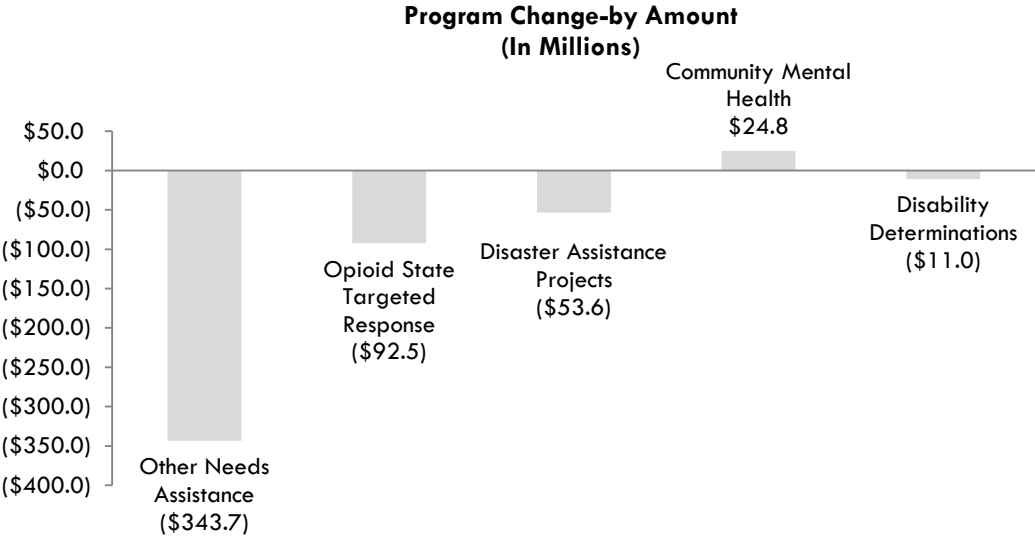


Selected Federal Fiscal and Policy Issues

Recommendations assume federal Other Needs Assistance and Disaster Assistance Projects funding will not be available in the 2020-21 biennium. This funding was awarded to the state after Hurricane Harvey for certain disaster-related expenses.

A total of \$147.2 million in federal Opioid State Targeted Response funding was awarded to the state by SAMHSA in the 2018-19 biennium. Recommendations assume federal funding for the program will continue at a lower level for the 2020-21 biennium.

Programs with Significant Federal Funding Changes from 2018 - 19



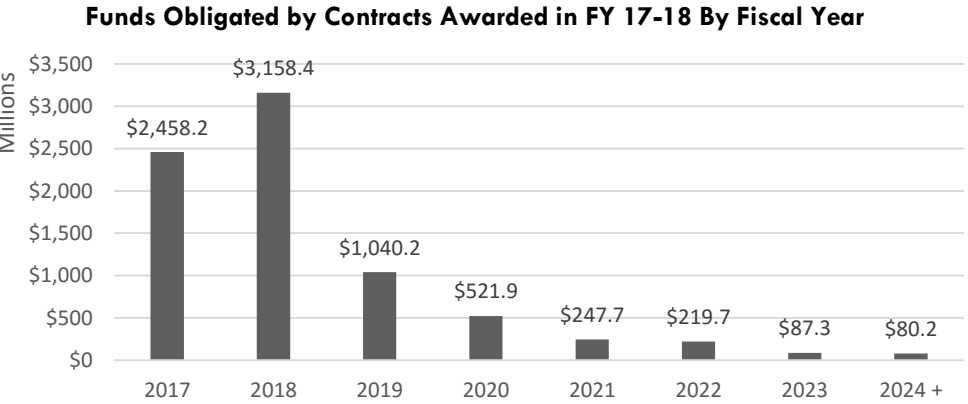
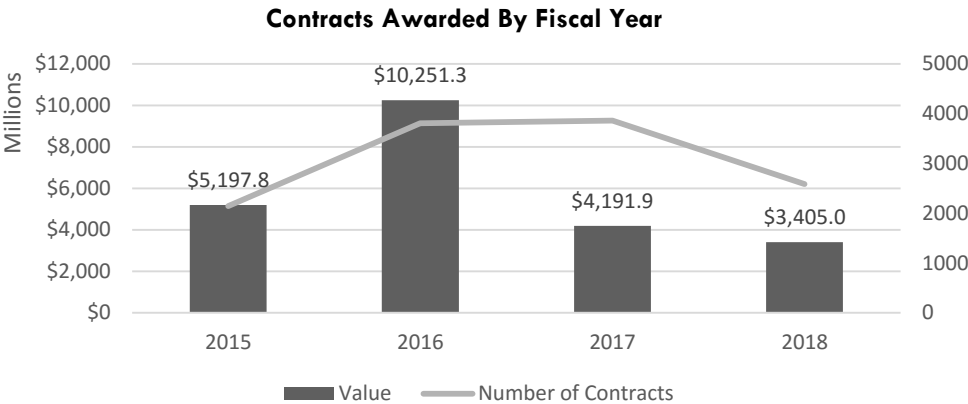
Article II Health Agencies
Consolidated Contracting Highlights

As of August 31, 2018, Article II Health and Human Services Agencies (including the Health and Human Services Commission, Department of State Health Services, Department of Family and Protective Services, and Texas Civil Commitment Office) had 11,189 active procurement contracts valued at \$151.3 billion.

Summary of Contracts Awarded in Fiscal Years 2017-2018 and Reported to LBB Contracts Database¹

(Dollar values rounded to the nearest tenth of a million)

	Number	Total Value	Average Value	% of total
Procurement Contracts	6,445	\$ 7,596.9	\$ 1.2	100%
Award Method				
Total Competitive Contracts	4,163	\$ 3,499.0	\$ 0.8	46.1%
Total Non-Competitive	2,282	\$ 4,097.9	\$ 1.8	53.9%
Emergency	139	\$ 75.1	\$ 0.5	1.0%
Sole Source	163	\$ 49.2	\$ 0.3	0.6%
Interagency Agreement	833	\$ 3,691.9	\$ 4.4	48.6%
Provider Enrollment	1,147	\$ 281.8	\$ 0.2	3.7%
Procurement Category				
Information Technology	277	\$ 439.9	\$ 1.6	5.8%
Professional Services	802	\$ 528.2	\$ 0.7	7.0%
Construction	68	\$ 32.0	\$ 0.5	0.4%
Goods	311	\$ 55.2	\$ 0.2	0.7%
Other Services	4,547	\$ 6,392	\$ 1.4	84.1%
Lease/Rental	351	\$ 81.9	\$ 0.2	1.1%
Consulting	89	\$ 67.7	\$ 0.8	0.9%
Revenue Generating Contracts	14	\$ 264.1	\$ 18.9	100%
Interagency ²	10	\$ 264.1	\$ 26.4	99.9%
Sole Source	4	\$ 0.3	\$ 0.1	0.1%



¹These figures reflect the total value of contracts awarded in between fiscal year 2017 and fiscal year 2018 and reported to the LBB contracts database. Values can include planned expenditures for subsequent years and may include funds from sources outside of the General Appropriations Act. Includes contracts that support activities and functions of the Office of the Inspector General.

² Includes \$217.5 million paid to HHSC from DFPS and DSHS related to agency assessments for centralized administrative services.

Health and Human Services Commission

Contracting Highlights

(Dollar values rounded to the nearest tenth of a million)

Largest Non-Managed Care Active Contracts from Previous Years	Award Method	Total Value	% Change*	Award Date	Length	Renewals	Vendor
1 Eligibility Support Services	Competitive	\$ 535.8	2.7%	12/14/15	5 years	1	Maximus Inc.
2 Information Technology	Interagency	\$ 196.5	349.5%	04/12/13	7 years	0	Dept of Information Resources
3 Texas Civil Commitment Center	Competitive	\$ 125.6	430.3%	09/01/15	4 years	0	Correct Care LLC
4 Child Support Program and Administrative Services	Interagency	\$ 109.3	314.2%	02/01/12	9 years	2	Texas Child Support Disbursement Unit
5 Hardware Leasing	Competitive	\$ 68.4	0.6%	09/01/15	4 years	0	SHI Government Solutions Inc.

Largest Competitive Contracts Awarded in Fiscal Years 2017-2018

1 Medicaid Management Information System (TMHP)	Competitive	\$ 661.9	2.5%	05/05/17	3 years	0	Accenture
2 IT Services	Competitive	\$ 192.2	0.0%	12/22/17	2 years	0	Deloitte Consulting
3 Data Broker Services	Competitive	\$ 106.6	46.0%	09/01/16	5 years	1	Public Consulting Group
4 Family Planning Services	Competitive	\$ 23.2	0.0%	06/01/18	1 year	0	Texas Pregnancy Care Network
5 Pharmaceuticals	Competitive	\$ 28.0	376.4%	09/01/17	1 year	1	Morris & Dickson Company

Largest Non-Competitive Contracts Awarded in Fiscal Years 2017-2018

1 Lab Screening Services	Interagency	\$ 557.9	0.0%	03/01/18	5 years	0	Dept of State Health Services
2 Local Mental Health Authority	Interagency	\$ 216.5	100.1%	09/01/16	2 years	1	Harris Center for Mental Health
3 Local Mental Health Authority	Interagency	\$ 174.0	330.9%	01/01/17	3 years	2	North Texas Behavioral Health Authority
4 Vaccine Services	Interagency	\$ 160.0	0.0%	12/31/17	4 years	0	Dept of State Health Services
5 Client Services	Interagency	\$ 125.0	0.0%	06/13/18	4 years	0	University of Texas Health Science Center

*Note: The percent change is the difference in contract value between the initial award amount and the current contract value. This calculation includes contract amendments and renewals.

Health and Human Services Commission

Managed Care Contracts

There are a total of 48 active managed care contracts valued at \$104.3 billion. All are set to expire before the end of the 2020-21 biennium and are due to be re-procured or renewed.

(Dollar values rounded to the nearest tenth of a million)

Vendor	Award	Completion	Value	Vendor	Award	Completion	Value
1 AMERIGROUP TEXAS INC	09/01/11	08/31/18	\$ 12,981.4	26 TEXAS CHILDRENS HEALTH PLAN	10/01/15	08/31/19	\$ 923.7
2 UNITED HEALTHCARE COMMUNITY PLAN OF TEXAS LLC	09/01/11	08/31/18	\$ 9,230.0	27 UNITED HEALTHCARE INSURANCE COMPANY	10/01/15	08/31/19	\$ 908.9
3 BANKERS RESERVE LIFE INSURANCE CO OF WISCONSIN	09/01/11	08/31/18	\$ 8,979.5	28 SUPERIOR HEALTH PLAN INC	10/01/15	08/31/19	\$ 885.4
4 SUPERIOR HEALTHPLAN INC	09/01/11	08/31/18	\$ 8,515.9	29 AETNA HEALTH INC	09/01/11	08/31/18	\$ 833.4
5 MOLINA HEALTHCARE OF TEXAS INC	09/01/11	08/31/18	\$ 7,878.4	30 SCOTT AND WHITE	09/01/11	08/31/18	\$ 733.8
6 TEXAS CHILDRENS HEALTH PLAN	09/01/11	08/31/18	\$ 5,659.4	31 AMERIGROUP CORPORATION	12/15/13	12/31/18	\$ 720.9
7 COMMUNITY HEALTH CHOICE INC	09/01/11	08/31/18	\$ 4,760.3	32 AMERIGROUP INSURANCE COMPANY	10/01/15	08/31/19	\$ 684.7
8 DENTAQUEST	09/01/11	02/28/19	\$ 4,518.7	33 SUPERIOR HEALTH PLAN INC	01/01/10	08/31/18	\$ 673.1
9 MCNA INSURANCE COMPANY	09/01/11	02/28/19	\$ 3,467.2	34 AETNA HEALTH INC	09/01/11	08/31/18	\$ 613.3
10 PARKLAND COMMUNITY HEALTH PLAN INC	09/01/11	08/31/18	\$ 3,297.4	35 MOLINA HEALTHCARE INC	03/01/15	12/31/18	\$ 579.4
11 DRISCOLL CHILDRENS HOSPITAL	09/01/11	08/31/18	\$ 2,597.7	36 AMERIGROUP INSURANCE COMPANY	03/01/15	12/31/18	\$ 504.7
12 AMERIGROUP INSURANCE COMPANY	09/01/11	08/31/18	\$ 2,010.7	37 BLUE CROSS AND BLUE SHIELD OF TEXAS INC	09/01/11	08/31/18	\$ 451.9
13 MOLINA HEALTHCARE INC	06/30/10	08/31/19	\$ 1,884.3	38 AMERIGROUP INSURANCE COMPANY	03/14/15	12/31/18	\$ 428.0
14 COMMUNITY FIRST HEALTH PLANS INC	09/01/11	08/31/18	\$ 1,863.5	39 CHILDRENS MEDICAL CENTER HEALTH PLAN	10/01/15	08/31/19	\$ 414.3
15 SUPERIOR HEALTH PLAN INC	12/15/13	12/31/18	\$ 1,850.2	40 COOK CHILDRENS MEDICAL CENTER	10/01/15	08/31/19	\$ 340.5
16 COOK CHILDREN'S HEALTH CARE SYSTEM	09/01/11	08/31/18	\$ 1,847.0	41 SETON HEALTH PLAN INC	09/01/11	08/31/18	\$ 337.8
17 SHA L L C	09/01/11	08/31/18	\$ 1,828.2	42 COMMUNITY FIRST HEALTH PLANS INC	10/01/15	08/31/19	\$ 296.7
18 UNITED HEALTHCARE INSURANCE COMPANY	12/15/13	12/31/18	\$ 1,657.2	43 DRISCOLL CHILDREN'S HEALTH PLAN	10/01/15	08/31/19	\$ 277.2
19 HEALTHSPRING LIFE & HEALTH INS CO	06/01/12	08/31/18	\$ 1,386.8	44 BLUE CROSS AND BLUE SHIELD OF TEXAS INC	10/01/15	08/31/19	\$ 243.9
20 SUPERIOR HEALTH PLAN INC	06/30/10	08/31/18	\$ 1,288.8	45 SENDERO HEALTH PLANS INC	09/01/11	08/31/18	\$ 234.9
21 HEALTHSPRING LIFE & HEALTH INSURANCE COMPANY INC	12/15/13	12/31/18	\$ 1,089.8	46 MOLINA HEALTHCARE INC	01/01/10	08/31/19	\$ 141.0
22 AMERIGROUP TEXAS INC	06/30/10	08/31/18	\$ 1,061.6	47 AETNA HEALTH INC	10/01/15	08/31/19	\$ 136.6
23 EL PASO FIRST HEALTH INC	09/01/11	08/31/18	\$ 1,043.4	48 CHRISTUS HEALTH PLAN	09/01/11	08/31/18	\$ 136.0
24 HEALTHSPRING LIFE & HEALTH INS CO	09/01/11	08/31/18	\$ 1,037.1	Total:			\$ 104,294.3
25 SUPERIOR HEALTH PLAN INC	07/01/15	08/31/18	\$ 959.9				

Department of State Health Services
Contracting Highlights

(Dollar values rounded to the nearest tenth of a million)

Largest Active Contracts from Previous Fiscal Years	Award Method	Total Value	% Change*	Award Date	Length	Renewals	Vendor
1 NBS Reagents / Equipment / Info Sys Goods Services	Sole Source	\$ 67.0	309.7%	12/01/15	4 years	3	Perkinelmer Health Sciences Inc
2 Vital Records hosting, imaging software (TxEVER)	Competitive	\$ 17.6	126.7%	06/01/16	12 years	2	Genesis Systems Inc
3 Lease Schedule Funding	Competitive	\$ 7.7	156.4%	09/01/15	4 years	0	CSI Leasing
4 Microsoft Enterprise Subscription Agreement	Competitive	\$ 7.0	90.7%	06/23/15	3.5 years	1	SHI Government Solutions
5 Rape Prevention and Education	Interagency	\$ 6.4	62.9%	02/01/15	4 years	0	Office of Attorney General

Largest Competitive Contracts Awarded in Fiscal Years 2017-2018

1 HIV/STD Medications	Competitive	\$ 75.0	650.0%	01/01/18	5 years	1	Ramsell Corporation
2 Regional and Local Public Health Services	Competitive	\$ 8.0	163.1%	07/01/17	2 years	1	Southeast Texas Regional Advisory Council
3 Immunizations	Competitive	\$ 6.5	0.0%	01/05/18	2 years	0	TMF Health Quality Institute
4 Zika Media Awareness	Competitive	\$ 6.0	0.0%	06/11/18	1 month	0	FleishmanHillard Inc
5 El Paso Hospital Services	Competitive	\$ 2.0	0.0%	09/01/16	1 year	0	University Medical Center El Paso

Largest Non-Competitive Contracts Awarded in Fiscal Years 2017-2018

1 Emergency Medical Services	Interagency	\$ 203.3	0.0%	06/15/18	1 year	0	Health and Human Services Commission
2 Children with Special Health Care Needs Systems Development	Interagency	\$ 135.8	0.0%	09/01/16	4 years	0	Health and Human Services Commission
3 HIV/STD Services	Sole Source	\$ 14.0	108.3%	04/01/17	2 years	1	Houston Regional HIV Resource Group
4 Infectious Disease Surveillance	Interagency	\$ 9.9	106.2%	09/01/17	2 years	1	Houston Regional HIV Resource Group
5 Housing Opportunities for Persons with AIDS Grant Program	Emergency	\$ 6.7	0.0%	04/01/17	1 year	0	Houston Regional HIV Resource Group

*Note: The percent change is the difference in contract value between initial the award amount and the current contract value. This calculation includes contract amendments and renewals.

Department of Family and Protective Services
Contracting Highlights

(Dollar values rounded to the nearest tenth of a million)

Largest Active Contracts from Previous Fiscal Years	Award Method	Total Value	% Change*	Award Date	Length	Renewals	Vendor
1 Child Placing Services	Provider Enrollment	\$ 112.1	538.3%	09/01/10	9 years	2	A World for Children
2 Child Placing Services	Provider Enrollment	\$ 101.7	566.5%	09/01/10	9 years	2	Lutheran Social Services of the South
3 GRO Residential Treatment Center	Provider Enrollment	\$ 18.5	4.1%	01/01/08	11 years	1	Helping Hand Home for Children
4 Preparation for Adult Living Skills - Life Skills Training	Interagency	\$ 5.1	400.0%	09/01/15	5 years	1	Harris County Children's Protective Services
5 Seat Management Services	Competitive	\$ 3.0	200.0%	09/01/15	4 years	1	SHI Government Solutions

Largest Competitive Contracts Awarded in Fiscal Years 2017-2018

1 Child Placing Services - SSCC	Competitive	\$ 35.0	0.0%	5/28/2018	5 years	0	Texas Family Initiative
2 IMPACT System Modernization	Competitive	\$ 22.3	39.3%	11/16/16	3 years	1	Infosys Public Services
3 Programming Services	Competitive	\$ 6.6	6.5%	09/01/16	2 years	0	Technology Consortium LLC
4 Health Outcomes through Prevention and Early Support (HOPES)	Competitive	\$ 5.2	38,513.2%	02/07/17	5 years	1	MHMR of Tarrant County
5 Xerox Services	Competitive	\$ 3.8	0.0%	09/01/16	1 year	0	Xerox Corporation

Largest Non-Competitive Contracts Awarded in Fiscal Years 2017-2018

1 Interagency Agreement with HHSC	Interagency	\$ 110.5	0.0%	09/01/16	1 year	0	Health and Human Services Commission
2 Training	Interagency	\$ 4.5	0.0%	07/01/17	5 years	0	University of Texas at Arlington
3 Training	Interagency	\$ 4.1	0.0%	07/01/17	5 years	0	University of Houston
4 Interagency Agreement with HHSC	Interagency	\$ 4.1	0.0%	04/01/17	1 year	0	Health and Human Services Commission
5 Training	Interagency	\$ 3.0	0.0%	07/01/17	5 years	0	Texas State University

*Note: The percent change is the difference in contract value between initial the award amount and the current contract value. This calculation includes contract amendments and renewals.

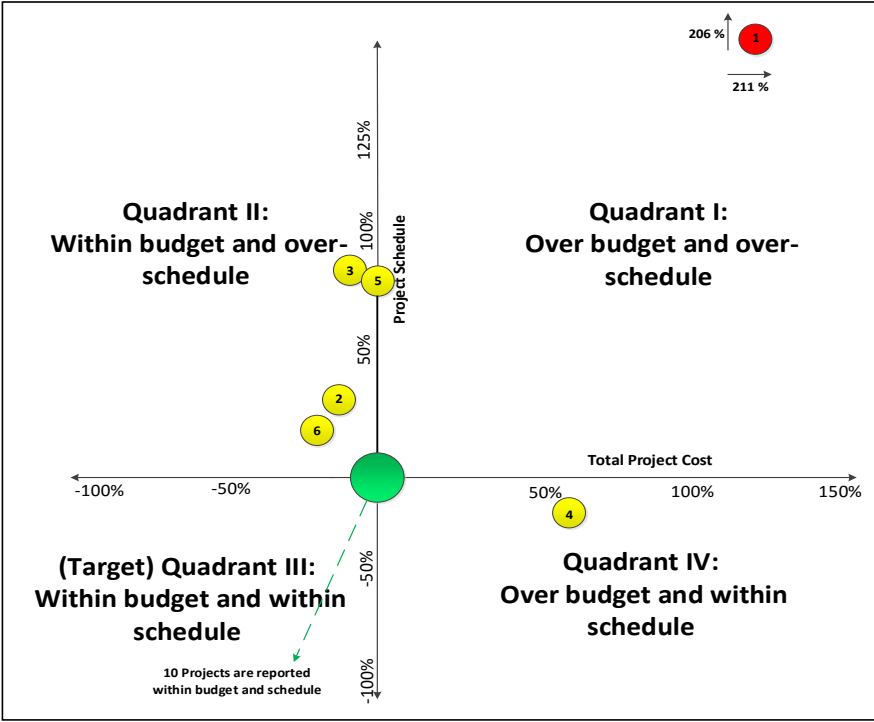
Health and Human Services Commission (HHSC)
Quality Assurance Team Highlights

Of HHSC's 16 major information resource projects monitored by the Quality Assurance Team, one is more than 10 percent over budget and behind schedule, and five are behind schedule but within 10 percent of budget. Ten projects are within budget and are on schedule. Details on these 16 projects are listed below.

Summary of Total Costs (in millions) and Time Frames reported to the Quality Assurance Team

Project Name	Original Projected Cost	Current Projected Cost	Under / (Over) Initial Project Cost	Expenditures to Date	Original Timeline in Months	Current Timeline in Months	Months Ahead of / (Behind) Schedule	% Complete	
1 Women Infants and Children (WIC), WIC Information Network (WIN)	\$25.0	\$77.4	(\$52.4)	\$75.2	47	145	(98)	100%	●
2 Cybersecurity Advancement	\$7.0	\$5.8	\$1.2	\$5.3	22	27	(5)	100%	●
3 Child Care Licensing Automated Support System (CLASS) Child Care Development Project	\$5.3	\$5.3	\$0.0	\$4.2	14	26	(12)	83%	●
4 Clinical Management for Behavioral Health Services (CMBHS)— Diagnostic and Statistical Manual of Mental Disorders (DSM) 5 project	\$2.2	\$2.3	(\$0.1)	\$1.7	20	32	(12)	100%	●
5 FBI National Rap Back (Background) project	\$2.0	\$2.0	\$0.0	\$0.2	14	25	(11)	93%	●
6 Child Care Licensing (CCL) Online Fees and Enforcement Team Conference (ETC)	\$1.1	\$0.8	\$0.3	\$0.5	14	16	(2)	35%	●
7 Enterprise Data Governance (EDG)	\$50.7	\$50.7	\$0.0	\$24.5	76	76	0	53%	●
8 Health and Human Services Administrative System for Financials (HHSAS) to CAPPS	\$14.2	\$11.8	\$2.4	\$11.3	25	25	0	100%	●
9 Mental Health Integration Project	\$7.0	\$7.0	\$0.0	\$7.0	22	22	0	100%	●

Major Information Resources Projects









Legend

- Project is within budget and within schedule
- Project exceeds budget OR schedule
- Project is over budget and behind schedule

**Health and Human Services Commission (HHSC)
Quality Assurance Team Highlights**

Section 3c

10	System of Contract Operation and Reporting (SCOR) and Centralized Accounting and Payroll/ Personnel System (CAPPS) Financials 9.2 Enhancement project	\$4.5	\$4.5	\$0.0	\$2.1	20	20	0	47%	
11	Protecting People in Regulated Facilities (PPRF) Regulatory Services Systems Modernization (RSSM) Phase III	\$3.5	\$3.5	\$0.0	\$3.7	14	14	0	100%	
12	Social Security Number Removal Initiative (SSNRI) Project	\$3.5	\$3.5	\$0.0	\$3.5	14	14	0	100%	
13	Substance Abuse Contract Management and Claims Processing - Source Replacement	\$2.0	\$2.0	\$0.0	\$1.1	15	15	0	70%	
14	Clinical Management for Behavioral Health Services (CMBHS) Roadmap Phase II	\$1.9	\$1.9	\$0.0	\$0.8	23	23	0	78%	
15	Mental Health Clinic Management for Behavioral Health Services (CMBHS) Youth Empowerment Services (YES) Waiver Batch / Home and Community Based Services-Adult Mental Health (HCBS-AMH)	\$1.9	\$1.9	\$0.0	\$1.4	21	21	0	100%	
16	Child Care Licensing Automation Support System (CLASS) Renewal Project	\$1.4	\$1.0	\$0.4	\$1.0	10	10	0	100%	
Project Totals		\$133.2	\$181.4	(\$48.2)	\$143.5					

Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Comptroller of Public Accounts, Department of Information Resources, Legislative Budget Board and the State Auditor's Office (Advisory Only).

Health and Human Services Commission (HHSC)
Quality Assurance Team Highlights

Significant Project Highlights

QAT Budget Highlights (in millions)

Project Name	2018-19 Base	2020-21 Requested	2020-21 Recommended
2 Cybersecurity	\$3.2	\$1.3	\$1.3
3 CLASS Upgrades (DFPS)	\$5.0	\$1.9	\$1.9
4 CMBHS - (DSM) 5	\$1.1	\$0.0	\$0.0
7 Enterprise Data Governance	\$12.1	\$10.9	\$10.9
8 HHSAS - CAPPS	\$12.0	\$4.7	\$4.7
12 SSNRI	\$0.5	\$0.0	\$0.0
13 Source Replacement	\$1.0	\$0.0	\$0.0
14 CMBHS Roadmap Phase II	\$1.4	\$0.0	\$0.0
15 CMBHS YES Waiver	\$0.6	\$0.0	\$0.0
Total	\$36.9	\$18.8	\$18.8

Notes:

1) In the Capital Budget Rider for the 2018-18 GAA, CLASS Upgrades included funding for projects #3, #5, #6 and #16. These projects are itemized in the 2018-19 Base.

2) Requested amounts for 2020-21 include all baseline and exceptional item funding requested by the agency.

1 Women Infants and Children (WIC), WIC Information Network (WIN) project

The project direction has changed several times since the project began in fiscal year 2006. Originally, DSHS planned to implement a modified commercial off-the-shelf state agency model (SAM) system. At that time, the SAM system was under development by the USDA. However, due to significant delays, DSHS hired a vendor to design, develop, and implement a WIC management information system in fiscal year 2010. In September 2013 DSHS realized the vendor could not complete the project and canceled the contract through a mutual agreement. DSHS and QAT discussed continuing the project or starting a new project. However, the agency determined that canceling the project would present a significant risk to federal funding. These actions caused changes in the project direction, and a new estimated completion date of March 31, 2016.

On November 8, 2016 DSHS procured a vendor to replace the current Texas WIN System with a new web-based system. The project was transitioned to HHSC in fiscal year 2017 and in April 2018 HHSC executed a contract amendment with the vendor to include Management Information System and Electronic Benefits Transfer deliverables which will collaboratively be used with other states. This change increased the project costs to \$77.4 million and extended the end date to August 2018. This project was completed 211 percent over budget and 206 percent behind schedule.

2 Cybersecurity Advancement

As of fiscal year 2018, this project is managed by HHSC on behalf of DSHS. DSHS began the Cybersecurity Advancement Project in fiscal year 2016. The initial estimated project cost was \$7.0 million. The initial project start and finish dates were November 10, 2015, and August 31, 2017, respectively. The estimated project cost decreased \$5.8 million due to a reduction in scope. The project was five months behind schedule due to the corruption of system code in the development and production environments. The project was completed in March 2018.

This project implemented security features for HHSC to monitor its computer networks, ensure client privacy, and protect confidential information.

3 Child Care Licensing Automated Support System (CLASS) Child Care Development Project

As of fiscal year 2018, this project is managed by HHSC on behalf of DFPS. HHSC began the project in fiscal year 2016 with an estimated project cost of \$6.0 million. The initial project start and finish dates were June 27, 2016, and August 31, 2017, respectively. DFPS over-estimated the initial project cost and reduced it to \$5.3 million. The completion date was extended for three months due to several procurement delays.

In December 2017, the completion date was extended again due to Child Care Development Block Grant (CCDBG) requirements that could not be implemented with the Federal Bureau of Investigation (FBI) National Rap Back (NRB) system. HHSC is completing system changes related to the CLASS system, the CLASS mobile application (CLASSMate), the interface with the Department of Public Safety's system, and the public website. The project is expected to be completed during calendar year 2018.

4 Clinical Management for Behavioral Health Services (CMBHS) – Diagnostic and Statistical Manual of Mental Disorders (DSM)-V Project

This project began in fiscal year 2016 for a duration of 20 months with estimated project costs of \$2.2 million. The initial project start and finish dates were December 1, 2015, and August 31, 2017, respectively. The project was delayed one year and came in \$0.1 million over budget. The increase allowed the implementation of new level of care formulas for client symptoms related to how diagnoses of substance use disorder are made – including alcohol use disorder as well as other substance use disorders.

This project was completed in August 2018. The system now captures a full range of symptoms for a particular diagnosis, while having the ability to track treatment progress. Additionally, the data collected will be transferable among other state agencies to compare population data.

5 FBI National Rap Back (Background) Project

As of fiscal year 2018, this project is managed by HHSC on behalf of DFPS. The Rap Back project allows HHSC and DFPS to receive notifications of activity on individuals who hold positions of trust who are under criminal justice supervision or investigation. This eliminates the need for repeated background checks on a person from the same applicant agency. Prior to the deployment of Rap Back, the national criminal history background check system provided a one-time snapshot view of an individual's criminal history status. With Rap Back, agencies can receive on-going status notifications of any criminal history reported to the FBI after the initial processing and retention of criminal or civil transactions.

DFPS began the project in fiscal year 2016 and the project transitioned to HHSC in fiscal year 2018. The initial estimated project cost is \$2.0 million with project start and finish dates of June 27, 2016, and August 31, 2017, respectively. The project is within budget, but is 35 percent behind schedule due to delayed procurement and vendor activities. The project was expected to be completed in October 2018.

6 Child Care Licensing (CCL) Online Fees and Enforcement Team Conference (ETC)

As of fiscal year 2018, this project is managed by HHSC on behalf of DFPS. The project began in fiscal year 2017 as a 14-month project with an estimated project cost of \$1.1 million. In May 2017, DFPS reported delays with procurement activities that increased the project completion date by two months.

CCL is statutorily required to collect licensing and background check fees and deposit the fees in the state's general revenue fund. The project is intended to automate processes to reduce the number of paper forms that have to be manually entered into the payment collection database. This system will automatically link payments to operations, and record the type, amount, and specifics of the payment.

7 Enterprise Data Governance (EDG)

The EDG program is intended to provide HHSC with a policy framework to support data management standards across health and human services agencies to improve data sharing and data quality. The data from various systems will have key identifiers that will be established in each of HHSC's systems.

The EDG project began in fiscal year 2015 with an initial cost of \$50.7 million and a completion date of January 1, 2022. The project is within budget and schedule. The EDG project was originally being designed in the previous Enterprise Data Warehouse project, which was canceled in September 2014.

8 Health and Human Services Administrative System for Financials (HHSAS) to Centralized Accounting Payroll and Personnel System (CAPPS) Financials Upgrade and Enhancement Project

HHSC has an interagency contract with the Comptroller's Office for CAPPS application maintenance and hosting support services. HHSC initiated a 2-year project to migrate the CAPPS application from the CPA Data Center to the State Data Center, comprised of the San Angelo Data Center (SDC) and the Austin Data Center (ADC). The agency notes that because they operate customized CAPPS hub systems, they are required to stay current with the Comptroller's baseline CAPPS versions and updates.

The project began in fiscal year 2016 with an initial cost of \$14.2 million and a completion date of October 31, 2017. The project was within budget and schedule. HHSC submitted the Post Implementation Review of Business Outcomes report in July 2018 and was reported in the QAT annual report.

**Health and Human Services Commission (HHSC)
Quality Assurance Team Highlights**

Section 3c

9 Mental Health Integration Project

HHSC migrated mental health records and substance abuse health information from the legacy mainframe systems for the Clinical Management for Behavioral Health Services (CMBHS) system. This integration also included Local Behavioral Health Authorities (LBHA) for behavioral health services and service providers for substance use disorder services.

The project began in fiscal year 2016. The initial project start and finish dates were October 1, 2015, and August 31, 2017, respectively. HHSC submitted the Post Implementation Review of Business Outcomes report in February 2018 and was reported in the QAT annual report.

10 System of Contract Operation and Reporting (SCOR) and Centralized Accounting and Payroll/ Personnel System (CAPPS) Financials 9.2 Enhancement Project

HHSC initiated the HHSAS to CAPPS Financials 9.2 Upgrade and Enhancement Project in October 2017. HHSC is enhancing the functionality of the CAPPS Financials 9.2 and their internal SCOR system. According to the agency, these enhancements is necessary for CAPPS Financials and SCOR to continue to automate business processes for procurement and oversight functions.

The project began in fiscal year 2018. The initial project start and finish dates were February 1, 2018, and October 31, 2019, respectively.

11 Protecting People in Regulated Facilities (PPRF) Regulatory Services Systems Modernization (RSSM) Phase III

This project transferred to HHSC in fiscal year 2017. The Enterprise Regulatory Systems are being modernized over several phases. In addition to CARES/WAFER and HCSSA systems, an online application processing system is being designed to streamline the provider application process for facilities and home health care agencies. Providers will be able to submit licensure applications and process payments and various documents.

The initial planned project start and finish dates were August 1, 2017, and October 31, 2018, respectively. The project was implemented in October 2018 and a Post Implementation Review of Business Outcomes report is due in April 2019.

12 Social Security Number Removal Initiative (SSNRI) Project

The project began in fiscal year 2017 with an initial estimated cost of \$7.4 million. After initiating the project, HHSC revised the estimated project cost to \$3.5 million in order to better align with the scope of the project.

HHSC modified the current system that creates Medicare cards to remove the SSN as part of the Health Insurance Claim Number (HICN). The system now uses a system-generated Medicare Beneficiary Identifier for the HICN. The Post Implementation Review of Business Outcomes report is due in December 2018.

13 Substance Abuse Contract Management and Claims Processing - Source Replacement

Currently, Local Mental Health Authorities (LMHAs) use the Clinical Management for Behavioral Health Services (CMBHS) system to create, edit, and delete invoices and request payments through the claims source system. This project will make changes to CMBHS so it can interface with HHSC's contract system and database.

The initial planned project start and finish dates were September 1, 2017, and August 31, 2019, respectively.

14 Clinical Management for Behavioral Health Services (CMBHS) Roadmap Phase II

The CMBHS Roadmap Phase II project is an ongoing business improvement initiative. Phase II will allow Local Mental Health Authorities (LMHAs) and contracted mental health providers to document financial eligibility, provide reports, and identify providers who cannot bill their services to the state. The functionality developed in Phase I allows the contracted Substance Use Disorder provider to bill a third party payer CMBHS system. Phase I of the project was completed on August 31, 2017.

The project began in fiscal year 2018. The initial project start and finish dates were September 1, 2017, and August 31, 2019, respectively.

**Health and Human Services Commission (HHSC)
Quality Assurance Team Highlights**

Section 3c

1.5 Mental Health Clinic Management for Behavioral Health Services (CMBHS) Youth Empowerment Services (YES) Waiver Batch / Home and Community Based Services-Adult Mental Health (HCBS-AMH)

HHSC completed the project to assist the Local Mental Health Authorities (LMHAs) for the Youth Empowerment Services (YES) Waiver program and provide functions for waiver services related to the Clinical Management for Behavioral Health Services (CMBHS) system.

The project began in fiscal year 2017. The initial estimated project cost was \$1.8 million. The initial project start and finish dates were July 1, 2016, and March 28, 2018, respectively. The project costs increased slightly due to the addition of a Project Manager (internal FTE). The project was completed in June 2018. The Post Implementation Review of Business Outcomes report is due in December 2018.

1.6 Child Care Licensing Automation Support System (CLASS) Renewal Project

As of fiscal year 2018, this project is managed by HHSC on behalf of DFPS. The project enables DFPS the ability to track expired and needed renewals of child care licenses, certificates, and registration. HHSC completed the project in alignment with the Child Care and Development Fund (CCDF) program to the CLASS system, Public and Provider portal for CCL information.

The initial project start and finish dates were May 30, 2017, and April 29, 2018, respectively. The Post Implementation Review of Business Outcomes report was received in December 2018.

**Health and Human Services Commission
Rider Highlights – House**

MODIFICATION OF EXISTING RIDERS (new rider number)

2. **Capital Budget.** Recommendations reflect deletion of several projects completed in the current biennium.
9. **Use of PARIS Data.** Recommendations revise rider to require HHSC to use funds appropriated in Strategy B.1.1, Medicaid Contracts and Administration, and to remove the appropriation of 10 percent of General Revenue savings to the Texas Veterans Commission.
11. **Texas Medicaid and Healthcare Partnership (TMHP).** Recommendations maintain the existing Executive Steering Committee for the TMHP contract and Texas Medicaid Management Information System (MMIS) capital project.
15. **Increase Consumer Directed Services.** Recommendations revise rider to change the STAR Plus Quality Work Group to the Council on Consumer Direction. The STAR Plus Quality Work Group is no longer active.
16. **Community Integration Performance Indicators.** Recommendations modify rider language to not require HHSC to develop new measures. HHSC may begin data collection for measures and must report on those measures on an annual basis.
28. **Use of Additional CHIP Experience Rebates.** Recommendations revise rider to move monthly reporting requirements with other existing reporting requirements laid out in Rider 110, Other Reporting Requirements. Recommendations also remove unnecessary language.
30. **CHIP Premium Co-Pays.** Recommendations revise rider to move monthly reporting requirements with other existing reporting requirements laid out in Rider 110, Other Reporting Requirements.
31. **Contingency for Behavioral Health Funds.** Recommendations revise rider to add or delete strategies that include funding for behavioral health-related strategies.
33. **Screening for Offenders with Mental Impairment.** Recommendations rename rider title to align with the definition provided by Health and Safety Code § 614.
34. **Mental Health Outcomes and Accountability.** Recommendations revise rider to add local behavioral health authorities.
35. **Mental Health Appropriations and the 1115 Medicaid Transformation Waiver.** Recommendations revise rider to add local behavioral health authorities.
36. **Healthy Community Collaboratives.** Recommendations remove contingency language associated with House Bill 4142, Eighty-fifth Legislature, Regular Session, 2017.
37. **Mental Health Peer Support Re-entry Program.** Recommendations revise rider to maintain program requirements.
38. **Quarterly Reporting of Waiting Lists for Mental Health Services.** Recommendations revise rider to add local behavioral health authorities to the reporting requirement.

40. **Funding for Mental Health Programs.** Recommendations identify total funding that the agency would spend on 40 relinquishment prevention slots, including administration.
44. **Funding for Abstinence Sexual Education.** Recommendations remove duplicative language, update references to federal statute, and clarify that rider restrictions apply to all funds appropriated in Strategy D.1.12, Abstinence Education.
45. **Prohibition on Abortions.** Recommendations combine rider with requirements of former Rider 99, Prohibition on Abortions: Healthy Texas Women Program and Family Planning Program.
46. **Funding for Family Planning Instruction.** Recommendations move provisions regarding provisions of services to minors to new Rider 50, Primary Care and Specialty Care Provisions, and update rider name accordingly.
47. **Women's Health Programs: Savings and Performance Reporting.** Recommendations add language to clarify that reporting requirements apply to Healthy Texas Women, Family Planning Program, and the Breast and Cervical Cancer Services Program. Recommendations also add a requirement for HHSC to submit total expenditures by method of finance and program.
48. **Funding for Healthy Texas Women Program.** Recommendations clarify that HHSC must seek LBB and Governor's Office approval to transfer funds from other sources prior to making any reductions to program service levels should federal matching funds not become available or are available in a lesser amount than appropriated.
51. **Maintenance of Effort (MOE) Reporting Requirement: ECI Services.** Recommendations delete references to matching requirements because IDEA Part C does not have a matching requirement. Recommendations add a reporting deadline of within 30 calendar days of the end of each fiscal quarter.
52. **Reporting on Early Childhood Intervention.** Recommendations require HHSC to submit ECI contractor reports within 30 calendar days of determination of initial contract amounts; finalization (signing) of contracts; and finalization of mid-year adjustments to the contracts.
53. **Education Funding.** Recommendations change submission of Memorandum of Understanding (MOU) between the Texas Education Agency and HHSC from annually to biennially because the MOU is for two years.
55. **Autism Program Provisions.** Recommendations clarify limitations on appropriations and update name of advisory council. Recommendations remove limitations on transfer authority for Strategy D.1.6, Autism Program, as it is partially duplicative of the limitations provided in new Rider 97, Limitations on Transfer Authority.
57. **Children with Special Health Care Needs (CSHCN).** Recommendations delete sub-section allowing HHSC to exceed performance measure targets because explicit authority is not needed for HHSC to do so. Recommendations also delete reference to maintain provider reimbursement rates for Title V providers that mirror rates for Medicaid providers. Recommendations change submission of caseload and prescription drug data from quarterly to annually.
59. **High Performance Bonus for Administration of the Supplemental Nutritional Assistance Program (SNAP).** Recommendations revise rider to remove conflicting language stating that the authority for the receipt and expenditure of funds for high performance bonuses is Article IX, § 13.11, Definition, Appropriation, and Audit of Earned Federal Funds. Appropriation authority for high-performance bonus payments would instead be provided through Article IX, § 13.01, Federal Funds/Block Grants.

62. **FTE Authority during Federally-Declared Disasters.** Recommendations clarify that authority provided in rider notwithstands Article IX, § 6.10, Limitation on State Employment Levels.
65. **Funding for Child Advocacy Center Programs and Court Appointed Special Advocate Programs.** Recommendations remove limitations on transfer authority for Strategy F.3.2, Child Advocacy Programs, as it is partially duplicative of the limitations provided in new Rider 97, Limitations on Transfer Authority. Recommendations also reduce funding provided to court appointed special advocate programs to align with an agency-projected decline in license plate revenue. Recommendations standardize language allowing the agency to transfer unexpended balances in Strategy F.3.2, Child Advocacy Programs, within the biennium.
67. **Lifespan Respite Care Program.** Recommendations revise rider to align with HHSC's current business practices.
69. **Behavioral Support Specialists at State Supported Living Centers.** Recommendations revise rider to add San Angelo State Supported Living Center to align with current practice. Recommendations also rename rider to clarify the type of facility impacted by the rider.
70. **State Supported Living Center Oversight.** Recommendations provide the following:
- Remove the annual report on compliance with the Department of Justice Settlement Agreement and instead require notification when a state supported living center reaches substantial compliance with a section of the settlement agreement. The annual report is duplicative of the monitoring reports posted on the agency's website;
 - Require monthly expenditure data to be submitted twice a year instead of quarterly;
 - Combine staffing report with other existing reporting requirements for state hospitals. See also Rider 74, State Hospital and State Supported Living Center Workforce;
 - Revise rider to add language stopping the counting of business days for a request submitted under the authority provided by the rider; and
 - Combine the authority provided through former Rider 163, Fees for Community Services at the State Supported Living Centers (SSLCs), to allow HHSC to spend any fees collected above appropriations without requesting approval.
71. **State Health Care Facility Provisions.** Recommendations revise rider to clarify the Family Medicine Residency Program is now a part of the University of Texas Rio Grande Valley.
74. **State Hospital and State Supported Living Center Workforce.** Recommendations revise rider to add analysis of turnover and vacancy rates at the state supported living centers (SSLCs) to the report. Analysis for the SSLCs was previously required by subsection (c) of former Rider 139, State Supported Living Center Oversight.
78. **Administrative Attachment: Texas Civil Commitment Office.** Recommendations add a quarterly reporting requirement to include the number and placement of civilly committed individuals and the number and outcome of civil commitment trials within the reporting period.
79. **Texas Civil Commitment Center Healthcare Costs.** Recommendations align rider language with recommended funding level for healthcare costs not covered under the current contract for the Texas Civil Commitment Center.
81. **Vendor Drug Rebates and Report.** Recommendations add appropriation authority for vendor drug rebates generated by the Healthy Texas Women (HTW) program. Recommendations also add appropriation authority for vendor drug rebates generated in excess of appropriations in HTW, Children with Special Health Care Needs (CSHCN), and Kidney Health Program (KHP). Recommendation require HHSC to expend vendor drug rebates as a first source before General Revenue Fund 01 and prohibit HHSC from making General Revenue Fund 01 expenditures for the HTW, CSHCN, or KHP in excess of total General Revenue Fund 01 appropriations for each program.

85. **Estimated Pass-through Funds.** Recommendations rename rider and clarify that HHSC may work with the Comptroller of Public Accounts to reflect estimated pass-through funds.
86. **Use of Certain Additional Medicaid Revenues.** Recommendations rename rider and combine appropriation authority for Medicaid Program Income and Medicaid Cost Sharing revenues. Appropriation authority was previously provided by former Rider 166, Cost Sharing – Medicaid Clients. Recommendations also clarify language regarding revenues that are reported under Medicaid Program Income No. 705.
87. **Revolving Fund Services: Canteen Services and Work Centers.** Recommendations align rider language with correct program reference.
89. **Mental Health (MH) and Intellectual Disability (ID) Collections for Patient Support and Maintenance.** Recommendations revise rider to move monthly reporting requirements with other existing reporting requirements laid out in Rider 110, Other Reporting Requirements. Recommendations also remove obsolete language.
90. **Mental Health (MH) and Intellectual Disability (ID) Appropriated Receipts.** Recommendations revise rider to move monthly reporting requirements with other existing reporting requirements laid out in Rider 110, Other Reporting Requirements. Recommendations also remove obsolete language.
91. **Mental Health (MH) and Intellectual Disability (ID) Medicare Receipts.** Recommendations revise rider to move monthly reporting requirements with other existing reporting requirements laid out in Rider 110, Other Reporting Requirements. Recommendations also remove obsolete language.
94. **Appropriation: Contingent Revenue.** Recommendations revise rider to remove unexpended balance authority for certain revenue. HHSC would be required to seek approval for unexpended balance authority pursuant to Article IX, § 14.05, Unexpended Balance Authority Between Fiscal Years within the Same Biennium.
95. **Appropriations Limited to Revenue Collections.** Recommendations remove appropriation authority for fee revenue collected in excess of the Comptroller of Public Accounts Biennial Revenue Estimate in order to align with similar riders in the GAA in other agencies' bill patterns. Recommendations also clarify the strategies that the rider applies to, and align rider language with correct revenue object code names.
102. **Unexpended Construction Balances.** Recommendations provide authority for agency to request to expend unexpended balances from the previous biennium towards construction and deferred maintenance projects at the state owned facilities, including state hospitals and state supported living centers. Recommendations also clarify the type and purpose of the funds the agency is allowed to transfer from the previous biennium.
103. **Mental Health Appropriation Transfer Between Fiscal Years.** Recommendations modify rider to restrict the transfer to Strategy G.2.1, Mental Health State Hospitals. Recommendations also remove language having the state hospitals maintain Medicaid caseloads at fiscal year 2019 levels.
104. **State Owned Multicategorical Teaching Hospital Account.** Recommendations modify rider to allow HHSC to spend revenue collected in General Revenue – Dedicated State Owned Multicategorical Teaching Hospital Account No. 5049 in the event that actual collections are below appropriated levels.
107. **Appropriation of Unexpended Balances: Funds Recouped from Local Authorities.** Recommendations change the due date from June 1 to December 15 to allow the report to capture an entire fiscal year of data.
110. **Other Reporting Requirements.** Recommendations clarify the types of federal reports HHSC should submit to the LBB and Governor's Office.
111. **Reimbursement of Advisory Committee Members.** Recommendations revise rider to update names of advisory committees and add the Texas Medical Disclosure Panel. Recommendations adjust the maximum amount HHSC can expend on advisory committee travel reimbursement to align with estimated 2020-21 need.

- 114. **Revolving Account for the Consolidated Health and Human Services Print Shop.** Recommendations add unexpended balance authority for the print shop that was previously provided in former Rider 194, Unexpended Balances within the Biennium: Print Shop.
- 119. **Recruitment and Retention Strategies.** Recommendations change reporting requirement from annually to biennially.
- 120. **Palliative Care Program.** Recommendations delete references to membership of Palliative Care Interdisciplinary Advisory Council because it is duplicative of Health and Safety Code Chapter 118. Recommendations adjust funding amounts for the Council to remove startup costs for the 2018-19 biennium.
- 126. **Enterprise Data Governance.** Recommendations change reporting requirement from quarterly to annually.
- 127. **Texas Integrated Eligibility Redesign System (TIERS).** Recommendations revise rider to notwithstanding the transfer authority provided in Article IX, § 14.03, Transfers – Capital Budget.

NEW RIDERS

- 18. **Appropriation Authority for Certain Intergovernmental Transfers.** Recommendations add a rider that consolidates the requirements of former Rider 17, Receipt of Transfers from Participation in the Healthcare Transformation and Quality Improvement Program, and former Rider 31, Appropriation Authority for Intergovernmental Transfers. Recommendations specify that HHSC may expend IGT of funds from institutions of higher education to be used as the non-federal share of uncompensated care or delivery system reform incentive payments or monitoring costs under the Healthcare Transformation and Quality Improvement 1115 Waiver in an amount that exceeds the amounts identified in the rider.
- 20. **Supplemental Payment Program Reporting.** Recommendations add a rider that consolidates reporting requirements related to supplemental payments from former Rider 15, Supplemental Payments; former Rider 18, Network Access Improvement Program Report; former Rider 22, 1115 Medicaid Transformation Waiver Distribution Public Reporting; and former Rider 27, NAIP, MPAP, and QIPP Payments Reporting. Recommendations modify various submission frequencies and dates to require an annual report no later than June 30 of each fiscal year.
- 21. **Health Insurance Providers Fee.** Recommendations move rider requirements of former Special Provisions Sec. 20, Health Insurance Providers Fee, to HHSC, as the provision pertains only to funds appropriated to HHSC.
- 23. **Medically Dependent Children Program.** Recommendations add rider to place restrictions on client enrollment in Medically Dependent Children Program (MDCP) waiver services and Youth Empowerment Services (YES) waiver services to certain targets.
- 24. **Health and Human Services Cost Containment.** Recommendations add rider requiring HHSC to develop and implement cost containment initiatives to achieve savings throughout the health and human services system and submit a cost containment plan to the Legislative Budget Board by December 1, 2019.
- 26. **Policies for Certain Hospital Stays.** Recommendations transfer requirements of former Article IX, § 6.26, Policies for Certain Hospital Stays, to HHSC, as the provision only pertains to HHSC.
- 27. **Evaluation of Children's Hospital Reimbursement.** Recommendations add rider requiring HHSC to evaluation Medicaid and CHIP reimbursement methodologies for free-standing, non-profit children's hospitals.

41. **Synar Results Notification for Local Communities.** Recommendations move rider requirements from the Department of State Health Services to HHSC. HHSC is responsible for conducting the Synar survey.
49. **Breast and Cervical Cancer Services Program Funding.** Recommendation add rider to identify funding in Strategy D.1.1, Women's Health Programs, for the Breast and Cervical Cancer Services Program (BCCS), and require HHSC to seek approval to transfer funding from other sources before reducing services if federal funds are available in a lesser amount that appropriated.
50. **Primary Care and Specialty Care Provisions.** Recommendations add a rider that consolidates limitations from former Rider 93, Primary Health Care Program: Providers; former Rider 94, Breast and Cervical Cancer Services Program: Providers; the portion of former Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, regarding provision of services to minors (the remainder of former Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, is continued as Rider 46, Funding for Family Planning Instruction); former Rider 100, Consent for Family Planning: Women's Health Services; former Rider 101, Family Planning Services: Allocation of Funds; and former Rider 103, Medical Treatments.
64. **Pediatric Health Tele-Connectivity Resource Program for Rural Texas.** Recommendations add rider to identify funding for the pediatric health tele-connectivity resource program for rural Texas established in Government Code Chapter 541.
75. **Expenditure Reporting at the State Hospitals.** Recommendations add rider to require HHSC to provide actual monthly expenditure data by state hospital on biannual basis.
82. **Appropriation: WIC Rebates.** Recommendations add rider to provide HHSC appropriation authority and unexpended balance authority between and within biennia for rebates generated by the WIC program.
97. **Limitations on Transfer Authority.** Recommendations add rider to provide the following:
 - Combine former Rider 181, Transfers: Authority and Limitations, with a new transfer rider with modifications to remove HHSC's authority to request to transfer funding to or from entitlement Strategies in Goal A, Medicaid Client Services, and Goal C, CHIP Client Services, to non-entitlement strategies. Recommendations also remove HHSC's authority to request to transfer funding to and from non-entitlement strategies in Goal A, Medicaid Client Services;
 - Modify former Rider 181, Transfers: Authority and Limitations, to remove language requiring HHSC to report on Full-Time-Equivalent (FTE) transfers or the capital budget impact of a notification made pursuant to the transfer authority provided by the rider in Goal A, Medicaid Client Services, and Goal C, CHIP Client Services. These goals do not include FTEs or capital budget funding;
 - Combine former Rider 181, Transfers: Authority and Limitations, to continue to allow HHSC to temporarily utilize funding in Goal A, Medicaid Client Services, and Goal C, CHIP Client Services, for cash flow purposes;
 - Restrict HHSC's transfer authority related to non-Medicaid and CHIP strategies. Recommendations require HHSC to request approval to make a transfer of more than the lesser of \$1.0 million or 10 FTEs or 20 percent of the originating strategy;
 - Consolidate transfer limitations related to Strategies in Goal B, Medicaid and CHIP Contracts and Administration, Strategy D.1.3, ECI Services, Strategy D.1.4, ECI Respite and Quality Assurance, and Strategies in Goal L, Enterprise Oversight and Policy. Restrictions for these strategies were previously provided by former Rider 181, Transfers: Authority and Limitations, Rider 183, Limitation: Transfer Authority for Early Childhood Intervention (ECI) Strategies, and Rider 195, Limitation on Transfer Authority – Medicaid & CHIP Contracts and Administration;
 - Modify transfer limitations related to Strategy D.1.6, Autism Program, and Strategy F.3.2, Child Advocacy Programs, to allow HHSC to request to transfer funding to or from these strategies. Restrictions for these strategies were previously provided by former Rider 117, Autism Program Provisions, and Rider 129, Funding for Child Advocacy Center Programs and Court Appointed Special Advocate Programs;

- Add new restrictions to require HHSC to request approval to make a transfer in any dollar amount to or from Strategy D.1.1, Women's Health Program and Strategy G.1.1, State Supported Living Centers; and
- Remove the time clock for approval from former Rider 181, Transfers: Authority and Limitations, and former Rider 195, Limitation on Transfer Authority – Medicaid & CHIP Contracts and Administration.

108. **Transfer Authority Related to the Texas Home Living Waiver.** Recommendations transfer requirements of former Special Provisions Sec. 15, Transfer Authority Related to the Texas Home Living Waiver, to HHSC, as the provision only pertains to HHSC. Recommendations also restrict the numbers served in the Texas Home Living Waiver to the target identified in Rider 1, Performance Measure Targets.
128. **Sunset Contingency.** Recommendations add a contingency provision for the upcoming Sunset review of the Texas State Board of Examiners of Marriage and Family Therapists, Texas State Board of Examiners of Professional Counselors, and Texas State Board of Social Worker Examiners.

DELETED RIDERS (original number)

3. **Pediatric Care in Nursing Facilities.** Recommendations delete rider because it is duplicative of state and federal law and falls under agency rulemaking authority.
4. **Nursing Facility Beds for Medicaid Eligible Veterans.** Recommendations delete rider because the requirements fall under agency rulemaking authority and existing agency rules.
13. **Local Reporting on DSH, Uncompensated Care, Delivery System Reform Incentive Payment, and Indigent Care Expenditures.** Recommendations delete rider because the rider requires non-state agencies to produce a report.
15. **Supplemental Payments.** Recommendations combine the requirements of this rider with former Rider 18, Network Access Improvement Program Report; former Rider 22, 1115 Medicaid Transformation Waiver Distribution Public Reporting; and former Rider 27, NAIP, MPAP, and QIPP Payments Reporting into new Rider 20, Supplemental Payment Program Reporting.
16. **Medicaid In-Office Diagnostic Ancillary Services.** Recommendations delete rider because HHSC is unable to collect or obtain the necessary data to produce the report as required.
17. **Receipt of Transfers from Participation in the Healthcare Transformation and Quality Improvement Program.** Recommendations combine the requirements of rider with former Rider 31, Appropriation Authority for Intergovernmental Transfers into new Rider 18, Appropriation Authority for Certain Intergovernmental Transfers.
18. **Network Access Improvement Program Report.** Recommendations combine the requirements of rider with former Rider 15, Supplemental Payments; former Rider 22, 1115 Medicaid Transformation Waiver Distribution Public Reporting; and former Rider 27, NAIP, MPAP, and QIPP Payments Reporting into new Rider 20, Supplemental Payment Program Reporting.
19. **Federal Funding for Health Related Institutions.** Recommendations delete rider because it is duplicative of existing agency practice and requirements to maximize the use of federal funding.
20. **Report on Pay for Quality Measures.** Recommendations delete rider for one-time reporting requirement.

21. **Cochlear Implants and Other Assistance for the Hearing Impaired.** Recommendations delete rider because HHSC already reviews all fee-for-service rates on a biennial basis, which includes a review of access to care.
22. **1115 Medicaid Transformation Waiver Distribution Public Reporting.** Recommendations combine the requirements of rider with former Rider 15, Supplemental Payments; former Rider 18, Network Access Improvement Program Report; and former Rider 27, NAIP, MPAP, and QIPP Payments Reporting into new Rider 20, Supplemental Payment Program Reporting.
23. **Report on the Vendor Drug Program.** Recommendations delete rider for one-time reporting requirement.
24. **Texas Medicaid and Texas Diabetes Council.** Recommendations delete rider because this is existing agency practice.
25. **Texas Medicaid and Texas Diabetes Council – Coordination and Report.** Recommendations delete rider because the reporting requirement is duplicative of existing Texas Diabetes Council report required pursuant to Health and Safety Code § 103.013.
27. **NAIP, MPAP, and QIPP Payments Reporting.** Recommendations combine the requirements of rider with former Rider 15, Supplemental Payments; former Rider 18, Network Access Improvement Program Report; and former Rider 22, 1115 Medicaid Transformation Waiver Distribution Public Reporting into new Rider 20, Supplemental Payment Program Reporting.
28. **Medicaid Substance Abuse Treatment.** Recommendations delete rider for one-time reporting requirement.
29. **Monitor the Integration of Behavioral Health Services.** Recommendations delete rider because the requirements fall under agency rulemaking authority and it is partially duplicative of Government Code § 533.00255(b).
30. **General Revenue Funds for Medicaid Mental Health and Intellectual Disability Services.** Recommendations delete rider because the requirements are no longer necessary. HHSC will continue to be required to report on these methods of finance in the Monthly Financial Reports.
31. **Appropriation Authority for Intergovernmental Transfers.** Recommendations combine rider with former Rider 17, Receipt of Transfers from Participation in the Healthcare Transformation and Quality Improvement Program into new Rider 18, Appropriation Authority for Certain Intergovernmental Transfers.
33. **Medicaid Funding Reduction and Cost Containment.** Recommendations delete rider because these cost containment initiatives and associated funding reduction were specific to 2018-19 appropriations for the Medicaid program.
35. **Quality-Based Payments and Delivery Reforms in the Medicaid and Children's Health Insurance Programs.** Recommendations delete rider because HHSC has implemented quality-based outcome and process measures for Medicaid and CHIP.
36. **Medicaid Provider Enrollment Portal.** Recommendations delete rider because the plan was submitted on June 1, 2018, and received approval during the 2018-19 biennium.
37. **Managed Care Risk Margin.** Recommendations delete rider because changes to the risk margin were implemented during the 2018-19 biennium and are continued in 2020-21 recommendations.
39. **Graduate Medical Education.** Recommendations delete rider for one-time reporting requirement.

40. **Maternal and Neonatal Health.** Recommendations delete rider for one-time reporting requirement.
41. **Coordination of Medicaid Dental and Medicaid Services.** Recommendations delete rider for one-time reporting requirement.
42. **Coordination of Services.** Recommendations delete rider for one-time reporting requirement.
43. **Therapy Services Accountability.** Recommendations delete rider for one-time requirement to be implemented during the 2018-19 biennium.
44. **Contingency for Senate Bill 1787.** Recommendations delete rider for one-time contingency requirement.
45. **Managed Care Organization Services for Individuals with Serious Mental Illness.** Recommendations delete rider for one-time reporting requirement.
49. **Review of Certain Medicaid Dental Services.** Recommendations delete rider for one-time reporting requirement.
50. **Evaluation of Intermediate Care Facility Conversion.** Recommendations delete rider for one-time reporting requirement.
52. **Evaluation of Rural Hospital Funding Initiatives.** Recommendations delete rider for one-time reporting requirement.
53. **Program of All-Inclusive Care for the Elderly (PACE).** Recommendations delete rider so as not to authorize expansion to three additional PACE sites in the 2020-21 biennium.
54. **Texas Medicaid Pre-Term Births and Low Birthweight Births.** Recommendations delete rider for one-time reporting requirement.
55. **Informational Listing: Expansion of Community-based Services.** Recommendations delete rider because no funding for the expansion of community-based services is included in 2020-21 recommendations.
56. **Exemption from Waiver Rate Reductions.** Recommendations delete rider because the exemption is assumed to be continued in 2020-21 recommendations.
58. **Review of Certain Capitation for Dual Eligible Clients.** Recommendations delete rider for one-time reporting requirement.
59. **Adjustment of Therapy Rate Reductions.** Recommendations delete rider because the fiscal year 2019 policies are assumed to be continued in 2020-21 recommendations.
60. **Prescription Drug Benefit Administration in Medicaid, CHIP, and Other Health-Related Services.** Recommendations delete rider for one-time reporting requirement.
61. **Evaluation of Medicaid Managed Care.** Recommendations delete rider for one-time reporting requirement.
64. **CHIP Enrollment.** Recommendations delete rider because federal maintenance of effort requirements for the CHIP program do not allow the state to utilize eligibility standards, methodologies, or procedures that are more restrictive than those in place on March 23, 2010.

65. **Children's Health Insurance Program Priority.** Recommendations delete rider because federal maintenance of effort requirements for the CHIP program do not allow the state to impose eligibility standards, methodologies, or procedures that are more restrictive than those in place on March 23, 2010.
70. **Local Service Area Planning.** Recommendations delete rider because it is duplicative of Health and Safety Code § 533.0352.
76. **Purchased Psychiatric Hospital Beds.** Recommendations delete rider because the funding is included in 2020-21 recommendations.
77. **Medicaid Services Capacity for High-Needs Children in the Foster-Care System.** Recommendations delete rider due to one-time pilot program.
79. **Sharing of Non-Individually Identifiable Health Information.** Recommendations delete rider for one-time requirement.
80. **Increased Access to Community Mental Health Services.** Recommendations delete rider because the funding is included in 2020-21 recommendations.
81. **Contingency for HB 10.** Recommendations delete rider pursuant to the enactment of House Bill 10, Eighty-fifth Legislature, Regular Session, 2017.
82. **Contingency for HB 12.** Recommendations delete rider pursuant to the enactment of Senate Bill 292, Eighty-fifth Legislature, Regular Session, 2017.
83. **Contingency for HB 13.** Recommendations delete rider pursuant to the enactment of House Bill 13, Eighty-fifth Legislature, Regular Session, 2017.
84. **Contingency for HB 1486.** Recommendations delete rider pursuant to the enactment of House Bill 1486, Eighty-fifth Legislature, Regular Session, 2017.
85. **Reporting of Postpartum Depression Data.** Recommendations delete rider for one-time reporting requirement.
86. **Postpartum Depression Services.** Recommendations delete rider as HHSC submitted an application for this purpose in August 2018. HHSC was notified in October 2018 that no funding would be awarded to the agency.
87. **Substance Abuse Funding for Guardians of Children.** Recommendations delete rider as HHSC did not receive additional federal funding for this purpose.
88. **Prioritization of Behavioral Health Treatment for Pregnant Women.** Recommendations delete rider as it is duplicative of federal guidance. The Substance Abuse and Mental Health Services Administration (SAMHSA) identifies pregnant women and women with dependent children as a targeted population for services funded through the Substance Abuse Prevention and Treatment Block Grant.
90. **Quarterly Reporting of Mental Health Services in the Former NorthSTAR Service Area.** Recommendations delete rider for one-time reporting requirement. In addition, parts of the quarterly reports are duplicative of the quarterly reports required by former Rider 33, Quarterly Reporting of Waiting Lists for Mental Health Services.
91. **Integrated Care Study for Veterans with Post-Traumatic Stress Disorder.** Recommendations delete rider pursuant to the enactment of House Bill 3404, Eighty-fourth Legislative session, 2015, and for one-time reporting requirement.

93. **Primary Health Care Program: Providers.** Recommendations combine the limitations of the rider with former Rider 94, Breast and Cervical Cancer Services Program: Providers; the portion of Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, regarding provision of services to minors (the remainder of former Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, is continued as Rider 46, Funding for Family Planning Instruction); Rider 100, Consent for Family Planning: Women's Health Services; Rider 101, Family Planning Services: Allocation of Funds; and Rider 103, Medical Treatments, into new Rider 50, Primary Care and Specialty Care Providers.
94. **Breast and Cervical Cancer Services Program: Providers.** Recommendations combine the limitations of the rider with former Rider 93, Primary Health Care Program: Providers; the portion of Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, regarding provision of services to minors (the remainder of former Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, is continued as Rider 46, Funding for Family Planning Instruction); Rider 100, Consent for Family Planning: Women's Health Services; Rider 101, Family Planning Services: Allocation of Funds; and Rider 103, Medical Treatments, into new Rider 50, Primary Care and Specialty Care Providers.
99. **Prohibition on Abortions: Healthy Texas Women Program and Family Planning Program.** Recommendations delete rider and combine requirements with Rider 45, Prohibition on Abortions.
100. **Consent for Family Planning: Women's Health Services.** Recommendations combine the limitations of the rider with former Rider 93, Primary Health Care Program: Providers; Rider 94, Breast and Cervical Cancer Services Program: Providers; the portion of Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, regarding provision of services to minors (the remainder of former Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, is continued as Rider 46, Funding for Family Planning Instruction); Rider 101, Family Planning Services: Allocation of Funds; and Rider 103, Medical Treatments, into new Rider 50, Primary Care and Specialty Care Providers.
101. **Family Planning Services: Allocation of Funds.** Recommendations combine the limitations of the rider with former Rider 93, Primary Health Care Program: Providers; Rider 94, Breast and Cervical Cancer Services Program: Providers; the portion of Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, regarding provision of services to minors (the remainder of former Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, is continued as Rider 46, Funding for Family Planning Instruction); Rider 100, Consent for Family Planning: Women's Health Services; and Rider 103, Medical Treatments, into new Rider 50, Primary Care and Specialty Care Providers.
102. **Access to Highly Effective Methods of Contraception.** Recommendations delete rider because the agency created provider education materials and conducted training regarding long-acting reversible contraception (LARC) and reported that client use of LARC increased. HHSC would still be required by Rider 47, Women's Health Programs: Savings and Performance Reporting to report the count of women in the Healthy Texas Women and Family Planning Program who receive LARC.
103. **Medical Treatments.** Recommendations combine the limitations of the rider with former Rider 93, Primary Health Care Program: Providers; Rider 94, Breast and Cervical Cancer Services Program: Providers; the portion of Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, regarding provision of services to minors (the remainder of former Rider 96, Funding for Medicaid Family Planning and Family Planning Instruction, is continued as Rider 46, Funding for Family Planning Instruction); Rider 100, Consent for Family Planning: Women's Health Services; and Rider 101, Family Planning Services: Allocation of Funds, into new Rider 50, Primary Care and Specialty Care Providers.
105. **Access to Long-Acting Reversible Contraception Strategic Plan.** Recommendations delete rider for one-time reporting requirement.
106. **Auto-Enrollment in the Healthy Texas Women Program.** Recommendations delete rider for one-time reporting requirement.
107. **Alternatives to Abortion.** Recommendations delete rider because the funding is included in 2020-21 recommendations and for one-time reporting requirement.

- 110. **ECI Respite Care for Families.** Recommendations delete rider because HHSC does not count General Revenue appropriated for the purpose of providing respite care for families toward the State's maintenance of effort requirement for IDEA Part C.
- 112. **Early Childhood Intervention (ECI) Report on Changes to the Family Cost Share System.** Recommendations delete rider for one-time reporting requirement.
- 114. **Early Childhood Intervention (ECI) Services: Medicaid Billing.** Recommendations delete rider because HHSC provided technical assistance to local ECI service providers regarding Medicaid Targeted Case Management (TCM) billing during the 2018-19 biennium and decided not to seek federal approval for pooled increments of TCM.
- 115. **Cash Flow Contingency for the Specialized Telecommunications Assistance Program (STAP).** Recommendations delete rider as it is duplicative of cash flow authority provided by Rider 97, Limitations on Transfer Authority.
- 119. **Medically Fragile Children.** Recommendations delete rider related to a discontinued pilot program.
- 120. **County Indigent Health Care.** Recommendations delete rider as it conflicts with Health and Safety Code § 61.0395.
- 122. **Supplemental Nutritional Assistance Program Funds Appropriated.** Recommendations delete rider because it is duplicative of Human Resources Code Chapter 33.
- 125. **Temporary Assistance for Needy Families (TANF) Maintenance of Effort.** Recommendations delete rider because HHSC has broad discretion to determine which state funds are counted toward maintenance of effort requirements.
- 132. **Contingency for Senate Bill 267.** Recommendations delete rider related to a bill from the Eighty-fifth Legislature, Regular Session, 2017, that did not pass.
- 133. **Funding for Blind Children's Vocational Discovery and Development Program.** Recommendations delete rider because funding to serve the identified population (children ages 10 to 13) is included in recommendations.
- 134. **Family Violence Program.** Recommendations delete rider because the funding is included in 2020-21 recommendations.
- 135. **Office of Minority Health Statistics and Engagement.** Recommendations delete rider as the Office of Minority Health Statistics and Engagement closed on September 1, 2018.
- 136. **State Supported Living Centers: Proportionality of Funds.** Recommendations delete rider as it is duplicative of the requirements of Article IX, § 6.08, Benefits Paid Proportional by Method of Finance.
- 144. **State Hospital Land and Facilities.** Recommendations delete rider as it is duplicative of other statutory and rider authority for the agency to enter into a lease or agreement for the use of land or facilities.
- 145. **State Hospital Planning.** Recommendations delete rider as the agency completed the action related to the plan in the 2018-19 biennium.
- 146. **State Hospital Contracting for Physician and Professional Services.** Recommendations delete duplicative authority to contract with other agencies for physician and professional services.

147. **New Construction of State Hospitals.** Recommendations delete rider as limitations apply to one-time appropriations and reporting requirements.
157. **Appropriation: Quality Assurance Fees.** Recommendations delete rider as funding for Corpus Christi Bond Home employees is located in HHSC Strategy G.3.1, Other Facilities. No appropriations from the General Revenue – Dedicated Quality Assurance Account No. 5080 are included in recommendations for this purpose.
158. **Expenditure of Settlement Funds.** Recommendations delete rider that requires notification of any Federal Funds used to reimburse General Revenue for expenditures prior to receipt of Federal Funds.
163. **Fees for Community Services at State Supported Living Centers (SSLCs).** Recommendations delete rider and combine authority to expend fees with Rider 70, State Supported Living Center Oversight.
165. **Authorization to Receive, Administer, and Disburse Disaster-related Federal Funds.** Recommendations delete rider because it is duplicative of Article IX § 13.03, Federal Funds/Block Grants, and Article IX § 14.04, Disaster Related Transfer Authority.
166. **Cost Sharing – Medicaid Clients.** Recommendations combine requirements of rider with Rider 87, Use of Certain Additional Medicaid Revenues.
177. **Appropriation of Local Funds.** Recommendations move the authority to Special Provisions Relating to All Health and Human Services Agencies, as the Department of State Health Services and Department of Family and Protective Services have identical riders.
178. **Fund Transfers for Funds Consolidation.** Recommendations delete rider because HHSC does not utilize Fund No. 117 for federal and other funds as part of their current practice.
181. **Transfers: Authority and Limitations.** Recommendations delete rider and consolidate or modify the transfer limitations with new Rider 97, Limitations on Transfer Authority.
182. **Unexpended Balance Authority within the Biennium for Eligibility Determination Services and Community Mental Health Crisis Services.** Recommendations delete rider as it is duplicative of the authority provided by Article IX, § 14.05, Unexpended Balance Authority Between Fiscal Years within the Same Biennium. Deleting rider would remove the time clock of notification of a decision for a request related to transfer of unexpended balances.
183. **Limitation: Transfer Authority for Early Childhood Intervention (ECI) Strategies.** Recommendations delete rider and consolidate the transfer limitations into new Rider 97, Limitations on Transfer Authority.
185. **Unexpended Balances within the Biennium: ECI Respite Services.** Recommendations delete rider to require HHSC to seek approval to transfer unexpended balances instead of being granted automatic authority. Recommendations also delete rider to align with the current budget structure; Strategy D.1.4, ECI Respite and Quality Assurance, includes funds for additional purposes beyond respite services.
188. **Unexpended Balances: Consumer Protection Services.** Recommendations delete rider as it is duplicative of the authority provided by Article IX, § 14.05, Unexpended Balance Authority Between Fiscal Years within the Same Biennium. Deleting rider would remove the time clock of notification of a decision for a request related to transfer of unexpended balances.
194. **Unexpended Balances within the Biennium: Print Shop.** Recommendations delete rider and consolidate unexpended balance authority with Rider 114, Revolving Account for the Consolidated Health and Human Services Print Shop.

- 195. **Limitation on Transfer Authority-Medicaid & CHIP Contracts and Administration.** Recommendations delete rider and consolidate the transfer limitations with new Rider 97, Limitations on Transfer Authority.
- 203. **Staffing and Capital Authorization in Lieu of Contracted Responsibilities.** Recommendations delete rider and require HHSC to request authority under Article IX, § 14.03 Transfers – Capital Budget, and use existing authority under Article IX, § 6.10, Limitation on State Employment Levels, should the agency decide to insource services that would result in the need for additional FTEs or capital budget authority.
- 208. **Blind Endowment Trust Fund Reporting.** Recommendations delete rider as the majority of the funds collected for this purpose are received by Texas Workforce Commission. Recommendations continue requiring Texas Workforce Commission to report on collections.
- 215. **Reporting of Child Abuse.** Recommendations delete rider and transfer requirement to Special Provisions Relating to All Health and Human Services Agencies.
- 219. **Study Relating to Enhanced Criminal Background Check Standards for Certain Health and Human Services Commission Contractors.** Recommendations delete rider for one-time reporting requirement.
- 220. **Enhanced Eligibility Screening Tools.** Recommendations delete rider for one-time reporting requirement.
- 221. **Clear Process for Including Prescription Drugs on the Texas Drug Code Index.** Recommendations delete rider for one-time reporting requirement.
- 222. **Operational and Administrative Efficiencies Related to Technology and Electronic Visit Verification.** Recommendations delete rider for one-time reporting requirement.
- 223. **Anesthesiology Supervision Reimbursement.** Recommendations delete rider for one-time review and evaluation requirement.

Note: This schedule does not include rider recommendations for the Office of Inspector General (OIG). For OIG rider recommendations, see Section 4 of the presentation titled *Health and Human Services Commission – Office of Inspector General: Summary of Recommendations – House*.

Health and Human Services Commission
Items Not Included in Recommendations - House

Section 5

	2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	Maintain Medicaid Entitlement Program Cost Growth	\$1,802,104,539	\$3,731,844,664	0.0	No	No	\$3,731,844,664
2)	Maintain Medicaid Non-Entitlement Cost Growth	\$55,006,386	\$114,397,439	0.0	No	No	\$114,397,439
3)	Provide Transition to the Community and Reduce Community Program Interest Lists	\$154,472,173	\$403,460,497	78.1	No	No	\$567,810,065
4)	Maintain Service Levels at State-owned Facilities	\$126,621,543	\$46,762,600	946.0	No	No	\$52,133,132
5)	Maintain ECI Services for Children with Disabilities	\$70,745,428	\$70,745,428	0.0	No	Yes	\$88,581,904
6)	Funding Expanded Capacity at Renovated State Hospitals (Comprehensive Plan Phase I Projects)	\$15,514,375	\$15,514,375	378.3	No	No	\$46,052,050
7)	Placeholder - Funding State Hospital Planning and Construction (Comprehensive Plan Phase II)	\$4	\$4	0.0	No	Yes	\$4
8)	Maintain Funding for Current Women's Health Program Services	\$56,064,152	\$56,064,152	0.0	No	Yes	\$60,432,338
9)	Procurement & Contract Management Functions	\$45,564,447	\$65,986,772	242.6	Yes	Yes	\$51,222,297
10)	Maintain Baseline for Access & Eligibility Services	\$56,036,172	\$158,123,060	563.0	No	No	\$164,812,278
11)	Mental Health Capacity - Request to Reallocate Funding	\$43,909,146	\$47,244,616	0.0	No	Yes	\$59,055,770
12)	HHS Telecom Technology Upgrade	\$5,587,504	\$6,331,593	0.0	Yes	Yes	\$0
13)	HHS Information Technology Security	\$21,569,931	\$31,758,163	26.8	Yes	Yes	\$10,338,091
14)	System-Wide Business Enablement Platform	\$5,430,827	\$7,960,640	16.2	Yes	Yes	\$3,788,018
15)	Maintain Baseline for Claims Administrator Support	\$29,991,604	\$59,983,208	0.0	No	No	\$63,841,292
16)	Recruiting and Retaining Workforce	\$53,954,408	\$76,576,859	0.0	No	No	\$60,969,927

Health and Human Services Commission
Items Not Included in Recommendations - House

Section 5

		2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
		GR & GR-D	All Funds	FTEs			
17)	Comply with Statutory Requirements for IDD System Redesign	\$7,358,281	\$14,757,271	8.1	Yes	Yes	\$0
18)	Fair Hearings Process	\$1,403,970	\$3,488,705	0.0	Yes	No	\$2,760,090
19)	Statewide Behavioral Health Coordinating Council (SBHCC): Ensure Services for Individuals Experiencing Early Psychosis	\$10,508,256	\$10,508,256	5.1	No	Yes	\$10,508,256
20)	SBHCC: Ensure Access to Residential Treatment Center Beds for Children	\$2,739,695	\$2,739,695	1.0	No	Yes	\$2,739,695
21)	Substance Use Disorder Treatment	\$45,756,175	\$45,756,175	17.8	Yes	Yes	\$82,440,382
22)	SBHCC: Maintain and Expand IDD Crisis Continuum of Care	\$46,447,966	\$46,447,966	0.0	No	Yes	\$46,447,966
23)	Electronic Visit Verification System Improvements	\$17,396,657	\$63,967,030	5.1	No	Yes	\$53,556,132
24)	Improve System Efficiency to Comply with PASRR Requirements	\$4,317,636	\$17,058,825	3.1	Yes	Yes	\$436,490
25)	Maintain Guardianship Services	\$2,131,564	\$2,131,564	5.1	No	No	\$2,131,564
26)	Various Information Technology Projects for State Hospital and SSLC Services	\$31,115,880	\$31,115,880	1.0	Yes	Yes	\$7,600,000
27)	Improve Capacity for Community Inpatient Psychiatric Services	\$39,410,480	\$39,410,480	4.1	No	Yes	\$39,382,244
28)	Comply with Federal Requirements for Community Integration for Individuals with Disabilities	\$112,240,875	\$285,464,874	32.6	No	No	\$422,845,794
29)	Building, Fleet, and Equipment Replacement or Repairs at State Hospitals and SSLCs	\$42,305,659	\$279,391,188	8.1	No	Yes	\$1,998,760
30)	Data Center Services Projects	\$22,188,849	\$33,500,059	36.6	Yes	Yes	\$13,330,532
31)	Performance Management and Analytics System	\$3,914,080	\$7,828,160	5.0	Yes	Yes	\$2,164,000
32)	Child Care Licensing New License Types	\$3,720,552	\$3,720,552	5.6	Yes	Yes	\$1,113,857
33)	Increase Availability Child Advocacy Services Throughout the State for CASA and CACs	\$12,500,000	\$12,500,000	0.0	No	Yes	\$12,500,000

Health and Human Services Commission
Items Not Included in Recommendations - House

Section 5

		2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
		GR & GR-D	All Funds	FTEs			
34)	Home Delivered Meals Program to Support Older Texans	\$7,789,946	\$7,789,946	0.0	No	Yes	\$7,789,946
35)	Services for the Family Violence Program	\$6,000,000	\$6,000,000	0.0	No	Yes	\$6,000,000
36)	Attendant Wage Increases	\$150,027,792	\$389,392,689	0.0	No	No	\$408,066,292
37)	Improving Access to Specialty Services for Individuals with Intellectual Disabilities	\$9,343,070	\$9,343,070	69.7	No	No	\$6,147,726
38)	Placeholder - Response to Foster Child Litigation	\$0	\$0	0.0	TBD	TBD	\$0
39)	Support Medically Complex Individuals with IDD Living in Community Settings	\$8,558,348	\$22,384,331	1.0	No	Yes	\$20,512,600
40)	Additional FTEs in Regulatory Programs	\$12,575,717	\$12,800,148	87.6	No	No	\$15,449,740
41)	Automate Background Checks and Implement Fingerprint-Based Background Checks	\$2,630,911	\$2,630,911	13.1	Yes	Yes	\$1,540,270
42)	Meet State Requirements to Ensure Quality for Long-Term Care Services	\$1,317,886	\$3,286,665	15.2	No	No	\$2,725,596
43)	Ensure State Oversight of Community Programs for Individuals with IDD	\$1,711,406	\$6,000,522	5.1	Yes	Yes	\$1,809,840
44)	SBHCC: Expand Real-Time Behavioral Health Data Sharing	\$435,265	\$435,265	0.0	Yes	Yes	\$0
45)	Add Intensive Behavioral Intervention for Children with Autism Spectrum Disorder as a Medicaid Benefit	\$75,411,434	\$192,635,697	0.0	No	No	\$367,073,262
46)	Expand Mortality Reviews for Individuals with Intellectual and Developmental Disabilities (IDD) Living in Community Settings to Comply with State Law	\$2,116,818	\$4,233,636	0.0	Yes	Yes	\$2,463,634
47)	CAPPS HCM & Financial Upgrades (including Inventory Module)	\$7,576,086	\$8,535,451	20.3	Yes	Yes	\$2,916,271
48)	State Funding for Client Services to Replace Money Follows the Person Federal Funds	\$3,531,787	\$3,531,787	1.0	No	Yes	\$3,554,762
49)	HHSC Seat Management	\$6,344,386	\$9,756,392	0.0	Yes	Yes	\$9,299,170
50)	Health, Developmental & Independence Services Electronic Case Management System	\$1,903,720	\$1,903,720	0.0	Yes	Yes	\$668,000

Health and Human Services Commission
Items Not Included in Recommendations - House

Section 5

		2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
		GR & GR-D	All Funds	FTEs			
51)	Cost Growth and Expansion for the PACE Program	\$8,554,510	\$21,720,653	1.0	No	No	\$21,720,653
52)	Ombudsman for Assisted Living Facility Residents	\$728,128	\$728,128	0.0	No	Yes	\$878,602
Office of Inspector General Exceptional Items							
53)	Medicaid Fraud and Abuse Detection System (MFADS)	\$6,822,100	\$10,000,000	20.2	Yes	Yes	\$2,513,536
54)	Application Remediation of the Automated System for the Office of the Inspector General Replacement (ASOIG)	\$1,819,300	\$3,080,119	6.6	Yes	Yes	\$736,184
55)	Improper Payment Recoveries	\$751,597	\$1,523,488	0.0	No	No	\$1,293,435
Texas Civil Commitment Office (TCCO) Exceptional Items							
56)	TCCO Caseload Growth	\$2,400,193	\$2,400,193	0.0	No	Yes	\$3,591,654
57)	TCCO Increased Facility Capacity	\$1,951,611	\$1,951,611	0.0	No	Yes	\$2,533,946
58)	TCCO Offsite Healthcare	\$535,474	\$535,474	0.0	No	No	\$535,474
59)	TCCO Case Manager Career Ladder Increases - Implementation	\$60,960	\$60,960	0.0	No	No	\$82,296
TOTAL Items Not Included in Recommendations		\$3,268,927,658	\$6,515,201,607	2,630.1			\$6,667,137,920

Note: This schedule includes items not included for the Office of Inspector (OIG). For additional details regarding OIG, including selected fiscal and policy issues, rider recommendations, and SFR findings, see the presentation titled *Health and Human Services Commission - Office of Inspector General: Summary of Recommendations - House*.

**Health and Human Services Commission
Appendices - House**

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Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
Total, Goal A, MEDICAID CLIENT SERVICES	\$60,951,880,509	\$62,904,299,432	\$1,952,418,923	3.2%	Recommendations reflect a decrease of \$1.4 billion in General Revenue and an increase of \$2.0 billion in All Funds in Goal A, Medicaid Client Services. Major items contributing to the net increase include projected caseload growth and maintaining fiscal year 2019 average costs for most services and are offset by net more favorable federal matching rates which decreases General Revenue demand by \$2.2 billion. (See Selected Fiscal and Policy Issue #2)
MEDICAID CONTRACTS & ADMINISTRATION B.1.1	\$1,117,578,395	\$1,171,526,024	\$53,947,629	4.8%	Recommendations include an increase of \$3.6 million in General Revenue to biennialize funding for certain contract oversight and utilization review FTEs related to the LBB approval letter dated June 1, 2018, offset by reductions of \$0.4 million to reflect the transfer of certain Subrogation and Recovery FTEs and funding to the Office of the Inspector General pursuant to the LBB approval letter dated August 24, 2018. (See Selected Fiscal and Policy Issue #5) The 2018-19 base spending level as reported in the agency's LAR was reduced by \$1.3 million in General Revenue to reflect certain LBB approved transfers and actual expenditures. (See Selected Fiscal and Policy Issue #5)
GENERAL REVENUE FUNDS	\$390,742,754	\$393,943,452	\$3,200,698	0.8%	

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$725,515,503	\$776,146,938	\$50,631,435	7.0%	<p>Recommendations include an increase of \$50.6 million in Federal Funds due to the following:</p> <ul style="list-style-type: none">• Increase of \$39.6 million to reflect increased federal financial participation for the Medicaid Management and Information System (MMIS) Modernization capital project;• Increase of \$7.9 million to align with the agency's projected impact of the revised Public Assistance Cost Allocation Plan (PACAP) (See Selected Fiscal and Policy Issue #25);• Increase of \$3.6 million to biennialize federal matching funds for certain contract oversight and utilization review FTEs related to the LBB approval dated June 1, 2018; and• Decrease of \$0.4 million to reflect the transfer of certain Subrogation and Recovery FTEs to the Office of the Inspector General. <p>The 2018-19 base spending level as reported in the agency's LAR was reduced by \$1.3 million in fiscal year 2018 to account for federal matching funds that were not drawn down as a result of lower than reported General Revenue expenditures.</p>
OTHER FUNDS	\$1,320,138	\$1,435,634	\$115,496	8.7%	<p>Recommendations include an increase of \$0.1 million in Appropriated Receipts Match for Medicaid No. 8062 for the agency's higher projection of reimbursements from bridge organizations that receive Accountable Health Communities Model federal grant program funding.</p>

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
CHIP CONTRACTS & ADMINISTRATION B.1.2	\$31,553,399	\$33,629,550	\$2,076,151	6.6%	
GENERAL REVENUE FUNDS	\$2,052,141	\$6,862,110	\$4,809,969	234.4%	Recommendations include an increase of \$4.8 million in General Revenue matching funds to reflect LBB EFMAP projection for fiscal years 2020 and 2021 and to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$0.1 million in General Revenue to reflect certain LBB approved transfers and actual expenditures.
FEDERAL FUNDS	\$29,501,258	\$26,767,440	(\$2,733,818)	(9.3%)	Recommendations include a decrease of \$2.7 million in Federal Funds including: <ul style="list-style-type: none">• Decrease of \$2.5 million to align with the agency's projected impact of the revised PACAP (See Selected Fiscal and Policy Issue #25);• Decrease of \$0.6 million for agency projection of cost for certain Professional Fees and Services; and• Increase of \$0.4 million to align with LBB EFMAP projection for fiscal years 2020 and 2021.
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$2.6 million in Federal Funds to align agency reported federal matching funds with agency reported General Revenue expenditures and to account for federal matching funds that will not be drawn down.
Total, Goal B, MEDICAID & CHIP SUPPORT	\$1,149,131,794	\$1,205,155,574	\$56,023,780	4.9%	

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
Total, Goal C, CHIP CLIENT SERVICES	\$1,992,409,619	\$2,179,252,967	\$186,843,348	9.4%	Recommendations reflect an increase of \$314.3 million in General Revenue and a decrease of \$127.5 million in Federal Funds related to projected caseload growth, an increase in the Health Insurance Providers Fee, and to maintain fiscal year 2019 premiums. The 23 percentage point increase in EFMAP pursuant to the federal Affordable Care Act will end on September 30, 2019, which increases the General Revenue demand to maintain services; however, more favorable EFMAP without the increase partially offsets the General Revenue increase. (See Selected Fiscal and Policy Issue #3)
GENERAL REVENUE FUNDS	\$145,042,817	\$459,355,060	\$314,312,243	216.7%	
FEDERAL FUNDS	\$1,847,366,802	\$1,719,897,907	(\$127,468,895)	(6.9%)	
WOMEN'S HEALTH PROGRAMS D.1.1	\$279,049,250	\$278,804,016	(\$245,234)	(0.1%)	Recommendations include a decrease of \$58.8 million in General Revenue due to the following: <ul style="list-style-type: none">• Decrease of \$58.5 million to reflect federal approval of the agency's Healthy Texas Women 1115 waiver application;• Decrease of \$0.6 million to reflect additional Federal Funds for the Breast and Cervical Cancer Screening (BCCS) program; and• Increase of \$0.4 million to maintain agency projection of fiscal year 2019 spending levels in each year of the 2020-21 biennium. The 2018-19 base spending level as reported in the agency's LAR was reduced by \$3.2 million in General Revenue and 4.5 FTEs to reflect consolidation of Title V women's dental and health services with Title V children's dental and health services in Strategy D.1.8, Title V Dental and Health Services. (See Selected Fiscal and Policy Issue #17)
GENERAL REVENUE FUNDS	\$199,852,004	\$141,098,153	(\$58,753,851)	(29.4%)	

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$78,565,012	\$137,705,863	\$59,140,851	75.3%	Recommendations include an increase of \$59.1 million in Federal Funds due to the following: <ul style="list-style-type: none">• Increase of \$58.5 million to reflect federal approval of the agency's Healthy Texas Women 1115 waiver application; and• Increase of \$0.6 million to reflect additional Federal Funds for the Breast and Cervical Cancer Screening (BCCS) program.
OTHER FUNDS	\$632,234	\$0	(\$632,234)	(100.0%)	(See Selected Fiscal and Policy Issue #17) Recommendations include a decrease of \$0.6 million in Appropriated Receipts related to one-time settlement funds received in fiscal year 2019. The 2018-19 base spending level as reported in the agency's LAR was increased by \$0.6 million in Appropriated Receipts to account for recent settlement funds.
ALTERNATIVES TO ABORTION D.1.2	\$38,366,477	\$38,432,956	\$66,479	0.2%	
GENERAL REVENUE FUNDS	\$32,366,477	\$32,432,956	\$66,479	0.2%	Recommendations include an increase of \$0.1 million in General Revenue to biennialize funding for certain contract oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. (See Selected Fiscal and Policy Issue #18) The 2018-19 base spending level as reported in the agency's LAR was reduced by \$16,620 to in General Revenue to reflect certain LBB approved transfers and actual expenditures.
FEDERAL FUNDS	\$6,000,000	\$6,000,000	\$0	0.0%	

**Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
ECI SERVICES D.1.3	\$289,453,912	\$293,648,317	\$4,194,405	1.4%	Recommendations include an increase of \$4.2 million in Federal Funds for LBB staff-forecasted caseload growth. (See Selected Fiscal and Policy Issue #19)
GENERAL REVENUE FUNDS	\$60,228,599	\$60,228,599	\$0	0.0%	
FEDERAL FUNDS	\$196,229,109	\$200,423,514	\$4,194,405	2.1%	
OTHER FUNDS	\$32,996,204	\$32,996,204	\$0	0.0%	
ECI RESPITE & QUALITY ASSURANCE D.1.4	\$6,853,326	\$7,061,932	\$208,606	3.0%	Recommendations include an increase of \$0.2 million in Federal Funds to maintain 2018-19 appropriated levels for program administration.
GENERAL REVENUE FUNDS	\$1,900,000	\$1,900,000	\$0	0.0%	
FEDERAL FUNDS	\$4,953,326	\$5,161,932	\$208,606	4.2%	
CHILDREN'S BLINDNESS SERVICES D.1.5	\$11,359,244	\$11,497,796	\$138,552	1.2%	Recommendations include a decrease of \$0.7 million in General Revenue due to the following: <ul style="list-style-type: none"> • Decrease of \$0.8 million due to approval of a Medicaid state plan amendment, which resulted in newly-available federal matching funds for program administration; and • Increase of \$0.1 million to biennialize funding for certain oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. <p>The 2018-19 base spending level as reported is the agency's LAR was reduced by \$49,105 in General Revenue to reflect certain LBB approved transfers and actual expenditures.</p>
GENERAL REVENUE FUNDS	\$10,152,239	\$9,483,195	(\$669,044)	(6.6%)	

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$1,191,395	\$2,013,077	\$821,682	69.0%	Recommendations include an increase of \$0.8 million in Federal Funds due to approval of a Medicaid state plan amendment, which resulted in newly-available federal matching funds for program administration. The 2018-19 base spending level as reported in the agency's LAR was increased by \$10,945 in Federal Funds to account for funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019.
OTHER FUNDS	\$15,610	\$1,524	(\$14,086)	(90.2%)	Recommendations include a decrease of \$14,086 in Appropriated Receipts due to agency projection of collection of third-party reimbursements received from clients.
AUTISM PROGRAM D.1.6	\$14,305,787	\$14,376,870	\$71,083	0.5%	
GENERAL REVENUE FUNDS	\$14,221,787	\$14,292,870	\$71,083	0.5%	Recommendations include an increase of \$0.1 million in General Revenue to biennialize funding for certain oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. The 2018-19 base spending level as reported in the agency's LAR was reduced by \$16,620 in General Revenue to reflect certain LBB approved transfers and actual expenditures.
OTHER FUNDS	\$84,000	\$84,000	\$0	0.0%	
CHILDREN WITH SPECIAL NEEDS D.1.7	\$61,001,633	\$61,001,633	\$0	0.0%	
GENERAL REVENUE FUNDS	\$49,001,633	\$49,001,633	\$0	0.0%	
FEDERAL FUNDS	\$12,000,000	\$12,000,000	\$0	0.0%	

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
TITLE V DNTL & HLTH SVCS D.1.8	\$16,884,988	\$17,467,856	\$582,868	3.5%	
GENERAL REVENUE FUNDS	\$3,162,940	\$3,162,940	\$0	0.0%	The 2018-19 base spending level as reported in the agency's LAR was increased by \$3.2 million in General Revenue and 4.5 FTEs to reflect consolidation of Title V women's dental and health services with Title V children's dental and health services in Strategy D.1.8, Title V Dental and Health Services. (See Selected Fiscal and Policy Issue #17)
FEDERAL FUNDS	\$13,722,048	\$14,304,916	\$582,868	4.2%	Recommendations include an increase of \$0.6 million in Maternal and Child Health Block Grant funds allocated to HHSC by DSHS.
KIDNEY HEALTH CARE D.1.9	\$38,346,407	\$37,394,547	(\$951,860)	(2.5%)	
GENERAL REVENUE FUNDS	\$37,903,529	\$36,951,669	(\$951,860)	(2.5%)	Recommendations include a decrease of \$1.0 million in General Revenue reallocated by the agency for a new capital budget project (HDIS Shared Platform Rehab Works).
OTHER FUNDS	\$442,878	\$442,878	\$0	0.0%	
ADDITIONAL SPECIALTY CARE D.1.10	\$7,167,422	\$12,924,677	\$5,757,255	80.3%	
GENERAL REVENUE FUNDS	\$6,811,561	\$9,476,871	\$2,665,310	39.1%	Recommendations include an increase of \$2.7 million in General Revenue and \$3.1 million in Federal Funds for the agency to award grants under the Pediatric Tele-connectivity Resource Program for Rural Texas established by House Bill 1697, Eighty-fifth Legislature, Regular Session, 2017. (See Selected Fiscal and Policy Issue #20)
FEDERAL FUNDS	\$333,175	\$3,425,120	\$3,091,945	928.0%	
COMMUNITY PRIMARY CARE SERVICES D.1.11	\$24,347,680	\$24,347,680	\$0	0.0%	
GENERAL REVENUE FUNDS	\$24,347,680	\$24,347,680	\$0	0.0%	
ABSTINENCE EDUCATION D.1.12	\$16,803,832	\$16,803,832	\$0	0.0%	
GENERAL REVENUE FUNDS	\$1,014,680	\$1,014,680	\$0	0.0%	
FEDERAL FUNDS	\$15,789,152	\$15,789,152	\$0	0.0%	

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
COMMUNITY MENTAL HEALTH SVCS-ADULTS D.2.1	\$714,901,392	\$712,738,314	(\$2,163,078)	(0.3%)	
GENERAL REVENUE FUNDS	\$609,023,780	\$608,452,311	(\$571,469)	(0.1%)	Recommendations include a decrease of \$0.6 million in General Revenue associated with a canceled capital budget project, Improve Client Care Systems. The project was canceled by the agency as federal matching funds were not available for the project.
FEDERAL FUNDS	\$103,275,630	\$104,011,279	\$735,649	0.7%	Recommendations include an increase of \$0.7 million in Federal Funds due to the following: <ul style="list-style-type: none">• Increase of \$12.7 million to reflect an anticipated increase in Mental Health Block Grant (MHBG) funds;• Decrease of \$9.5 million to reflect LBB projection of Opioid State Targeted Response Grant awards in the 2020-21 biennium. (See Selected Fiscal and Policy Issue #8); and• Decrease of \$2.6 million to reflect the discontinuation of Money Follows the Person (MFP) Rebalancing Demonstration Project grant funds. Texas is approved to spend MFP funds until August 2019. HHSC is seeking approval from the Centers for Medicare and Medicaid Services (CMS) for an extension through September 2020. The 2018-19 base spending level was reduced by \$0.5 million in Federal Funds to correct an error in the agency's LAR submission.

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$2,601,982	\$274,724	(\$2,327,258)	(89.4%)	<p>Recommendations reflect an overall decrease of \$2.3 million in MH Appropriated Receipts due to cost savings from the discontinuation of an agreement with the National Association of State Mental Health Program Directors (NASMHPD), partially offset by the start of a new agreement with Eagle Technologies, to provide statistical data as part of the Behavioral Health Services Information System (BHSIS). BHSIS is overseen by the Center for Behavioral Health Statistics and Quality and provides information on facilities and services available for substance abuse and mental health treatment in the United States.</p> <p>The 2018-19 base spending level was reduced by \$1.5 million in Other Funds to reflect the transfer of an Interagency Contract (IAC) with the Texas Department of Criminal Justice (TDCJ) to Goal A, Medicaid Client Services for mental health case management and rehabilitative services to certain eligible individuals in the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) continuity of care or case management programs. This transfer was maintained for the 2020-21 biennium.</p>

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
COMMUNITY MENTAL HLTH SVCS-CHILDREN D.2.2	\$166,081,934	\$185,023,676	\$18,941,742	11.4%	
GENERAL REVENUE FUNDS	\$124,115,560	\$133,059,926	\$8,944,366	7.2%	Recommendations include an increase of \$8.9 million in General Revenue due to the following: <ul style="list-style-type: none">• Increase of \$11.0 million to increase outpatient mental health treatment capacity for children; and• Decrease of \$2.0 million to reflect the discontinuation of one-time grant funding for a pilot program for children in the foster care system. (See Selected Fiscal and Policy Issue #9)
FEDERAL FUNDS	\$39,352,528	\$51,963,750	\$12,611,222	32.0%	Recommendations include an increase of \$12.6 million in Federal Funds due to the following: <ul style="list-style-type: none">• Increase of \$11.8 million to reflect the projected receipt of additional Mental Health Block Grant (MHBG) funds; and• Increase of \$0.8 million to increase outpatient mental health treatment capacity for children. (See Selected Fiscal and Policy Issue #9) <p>The 2018-19 base spending level was reduced by \$0.3 million to correct an agency error in LAR submission.</p>
OTHER FUNDS	\$2,613,846	\$0	(\$2,613,846)	(100.0%)	Recommendations reflect a decrease of \$2.6 million in MH Appropriated Receipts due to cost savings from the discontinuation of an agreement with the National Association of State Mental Health Program Directors (NASMHPD) to provide statistical data as part of the Behavioral Health Services Information System (BHSIS). BHSIS is overseen by the Center for Behavioral Health Statistics and Quality who provides information on facilities and services available for substance abuse and mental health treatment in the United States.

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
COMMUNITY MENTAL HEALTH CRISIS SVCS D.2.3	\$321,413,746	\$343,488,746	\$22,075,000	6.9%	
GENERAL REVENUE FUNDS	\$316,838,474	\$339,563,474	\$22,725,000	7.2%	Recommendations include an increase of \$22.7 million in General Revenue to maintain fiscal year 2019 service levels for certain community mental health grant programs. (See Selected Fiscal and Policy Issue #10)
FEDERAL FUNDS	\$4,575,272	\$3,925,272	(\$650,000)	(14.2%)	Recommendations include a decrease of \$0.7 million in Federal Funds to reflect LBB projection of Opioid State Targeted Response Grant awards in the 2020-21 biennium. (See Selected Fiscal and Policy Issue #8) The 2018-19 base spending level as reported in the agency's LAR was increased by \$0.7 million in Federal Funds to reflect LBB projection of Opioid State Targeted Response Grant awards in fiscal year 2019. (See Selected Fiscal and Policy Issue #8)

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
SUBSTANCE ABUSE SERVICES D.2.4	\$517,618,303	\$435,728,450	(\$81,889,853)	(15.8%)	
GENERAL REVENUE FUNDS	\$93,438,787	\$93,438,176	(\$611)	(0.0%)	
FEDERAL FUNDS	\$424,179,516	\$341,874,960	(\$82,304,556)	(19.4%)	Recommendations include a decrease of \$82.3 million in Federal Funds due to the following: <ul style="list-style-type: none">• Decrease of \$82.2 million to reflect LBB projection of Opioid State Targeted Response Grant awards from the 2018-19 biennium. (See Selected Fiscal and Policy Issue #8);• Decrease of \$0.1 million to reflect the discontinuation of Money Follows the Person (MFP) Rebalancing Demonstration Project grant funds. Texas is approved to spend MFP funds until August 2019. HHSC is seeking approval from the Centers for Medicare and Medicaid Services (CMS) to spend the funds through September 2020; and• Decrease of \$45,118 related to the end of the State Youth Treatment-Planning grant, offset by new First Responders-Comprehensive Addiction and Recovery Act grant funds.
OTHER FUNDS	\$0	\$415,314	\$415,314	100.0%	The 2018-19 base spending level as reported in the agency's LAR was increased by \$82.0 million in Federal Funds to reflect LBB projection of Opioid State Targeted Response Grant award in fiscal year 2019. (See Selected Fiscal and Policy Issue #8) Recommendations include an increase of \$0.4 million in MH Appropriated Receipts due to an agreement with Eagle Technologies to provide statistical data as part of the Behavioral Health Services Information System (BHSIS). BHSIS is overseen by the Center for Behavioral Health Statistics and Quality who provides information on facilities and services available for substance abuse and mental health treatment in the United States.

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
BEHAVIORAL HLTH WAIVER & AMENDMENT D.2.5	\$103,351,235	\$104,599,388	\$1,248,153	1.2%	
GENERAL REVENUE FUNDS	\$46,789,953	\$47,171,758	\$381,805	0.8%	Recommendations maintain 2018-19 General Revenue appropriations of \$47.2 million for the 2020-21 biennium.
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$0.4 million in General Revenue to reflect certain LBB approved transfers and actual expenditures.
FEDERAL FUNDS	\$56,561,282	\$57,427,630	\$866,348	1.5%	Recommendations include an increase of \$0.9 million due to the following: • Increase of \$1.0 million to reflect more favorable matching rates in the 2020-21 biennium over the 2018-19 biennium; • Decrease of \$0.1 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)
					The 2018-19 base spending level as reported in the agency's LAR was increased by \$0.4 million in Federal Funds to account for funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019.
INDIGENT HEALTH CARE REIMBURSEMENT D.3.1	\$878,886	\$878,886	\$0	0.0%	
GR DEDICATED	\$878,886	\$878,886	\$0	0.0%	
COUNTY INDIGENT HEALTH CARE SVCS D.3.2	\$1,758,251	\$1,758,251	\$0	0.0%	
GENERAL REVENUE FUNDS	\$1,062,787	\$1,062,787	\$0	0.0%	
FEDERAL FUNDS	\$95,464	\$95,464	\$0	0.0%	
OTHER FUNDS	\$600,000	\$600,000	\$0	0.0%	
Total, Goal D, ADDITIONAL HEALTH-RELATED SERVICES	\$2,629,943,705	\$2,597,977,823	(\$31,965,882)	(1.2%)	

**Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
TANF (CASH ASSISTANCE) GRANTS E.1.1	\$106,475,229	\$110,491,062	\$4,015,833	3.8%	Recommendations include an increase of \$0.1 million in General Revenue and \$3.9 million in Federal Funds to align with LBB forecast for caseload and grant per recipient. (See Selected Fiscal and Policy Issue #21)
GENERAL REVENUE FUNDS	\$100,525,211	\$100,648,679	\$123,468	0.1%	
FEDERAL FUNDS	\$5,950,018	\$9,842,383	\$3,892,365	65.4%	
PROVIDE WIC SERVICES E.1.2	\$1,625,552,511	\$1,624,059,980	(\$1,492,531)	(0.1%)	Recommendations include a decrease of \$1.5 million in Federal Funds to align with agency-projected caseload decline.
FEDERAL FUNDS	\$1,127,634,489	\$1,126,141,958	(\$1,492,531)	(0.1%)	
OTHER FUNDS	\$497,918,022	\$497,918,022	\$0	0.0%	
DISASTER ASSISTANCE E.1.4	\$519,770,874	\$0	(\$519,770,874)	(100.0%)	Recommendations include a decrease of \$110.0 million in General Revenue and \$409.8 million in Federal Funds for one-time expenditures related to Hurricane Harvey response. (See Select Fiscal and Policy Issue #22).
GENERAL REVENUE FUNDS	\$110,000,000	\$0	(\$110,000,000)	(100.0%)	
FEDERAL FUNDS	\$409,770,874	\$0	(\$409,770,874)	(100.0%)	
Total, Goal E, ENCOURAGE SELF-SUFFICIENCY	\$2,251,798,614	\$1,734,551,042	(\$517,247,572)	(23.0%)	
GUARDIANSHIP F.1.1	\$17,644,550	\$17,644,550	\$0	0.0%	
GENERAL REVENUE FUNDS	\$3,196,646	\$3,196,646	\$0	0.0%	
FEDERAL FUNDS	\$14,447,904	\$14,447,904	\$0	0.0%	
NON-MEDICAID SERVICES F.1.2	\$314,326,756	\$314,326,756	\$0	0.0%	
GENERAL REVENUE FUNDS	\$51,441,664	\$51,441,666	\$2	0.0%	
FEDERAL FUNDS	\$262,885,092	\$262,885,090	(\$2)	(0.0%)	
NON-MEDICAID IDD COMMUNITY SVCS F.1.3	\$92,803,841	\$92,803,841	\$0	0.0%	
GENERAL REVENUE FUNDS	\$92,797,841	\$92,797,841	\$0	0.0%	
OTHER FUNDS	\$6,000	\$6,000	\$0	0.0%	

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
INDEPENDENT LIVING SERVICES F.2.1	\$28,113,404	\$28,108,572	(\$4,832)	(0.0%)	
GENERAL REVENUE FUNDS	\$8,894,322	\$8,894,322	\$0	0.0%	
FEDERAL FUNDS	\$2,035,358	\$2,035,358	\$0	0.0%	
OTHER FUNDS	\$17,183,724	\$17,178,892	(\$4,832)	(0.0%)	
BEST PROGRAM F.2.2	\$847,526	\$860,000	\$12,474	1.5%	
GENERAL REVENUE FUNDS	\$847,526	\$860,000	\$12,474	1.5%	
COMPREHENSIVE REHABILITATION (CRS) F.2.3	\$47,963,630	\$47,164,408	(\$799,222)	(1.7%)	
GENERAL REVENUE FUNDS	\$47,726,670	\$46,557,544	(\$1,169,126)	(2.4%)	Recommendations include a decrease of \$1.2 million in General Revenue due to the following: <ul style="list-style-type: none">• Decrease of \$1.0 million reallocated by the agency for a new capital budget project (HDIS Shared Platform Rehab Works capital budget project);• Decrease of \$0.4 million to reflect a method of financing swap between General Revenue and Subrogation Receipts (Other Funds); and• Increase of \$0.2 million to biennialize funding for certain contract oversight and utilization review FTEs related to the LBB approval letter dated June 1, 2018. <p>The 2018-19 base spending level as reported in the agency's LAR was reduced by \$38,160 in General Revenue to reflect certain LBB approved transfers and actual expenditures.</p>

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$236,960	\$606,864	\$369,904	156.1%	Recommendations include an increase of \$0.4 million in Subrogation Receipts to align with actual collections from fiscal years 2016 to 2018. HHSC uses Subrogation Receipts to pay for services provided to individuals in the Comprehensive Rehabilitative Services (CRS) program. The right of subrogation is limited to the cost of the service provided. According to HHSC, actual recoveries from fiscal years 2016 to 2018 averaged \$0.5 million per fiscal year. This is not reflected in the agency's base.
DEAF AND HARD OF HEARING SERVICES F.2.4	\$8,296,991	\$8,445,316	\$148,325	1.8%	
GENERAL REVENUE FUNDS	\$5,611,731	\$5,717,340	\$105,609	1.9%	Recommendations include an increase of \$0.1 million in General Revenue to biennialize funding for certain contract oversight and utilization review FTEs related to the LBB approval letter dated June 1, 2018.
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$26,402 in General Revenue to reflect certain LBB approved transfers and actual expenditures.
OTHER FUNDS	\$2,685,260	\$2,727,976	\$42,716	1.6%	Recommendations include an increase of \$42,716 in Universal Service Funds due to an anticipated increase in individuals served in the Specialized Telecommunications Assistance Program (STAP) and to cover rising equipment costs associated with STAP.
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$1.1 million in Interagency Contracts to reflect decreased agency projection related to interpreter services provided to other state agencies.

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FAMILY VIOLENCE SERVICES F.3.1	\$59,497,229	\$59,808,584	\$311,355	0.5%	
GENERAL REVENUE FUNDS	\$22,279,812	\$22,279,812	\$0	0.0%	
FEDERAL FUNDS	\$37,217,417	\$37,528,772	\$311,355	0.8%	Recommendations include an increase of \$0.3 million in Federal Funds due to allocating the fiscal year 2019 Family Violence Prevention & Services grant award into each fiscal year of the 2020-21 biennium.
					The 2018-19 base spending level as reported in the agency's LAR was increased by \$1.8 million in Federal Funds to reflect actual fiscal year 2018 and fiscal year 2019 Family Violence Prevention and Services grant awards. The fiscal year 2019 level is maintained in the 2020-21 biennium.
CHILD ADVOCACY PROGRAMS F.3.2	\$53,637,506	\$53,626,008	(\$11,498)	(0.0%)	
GENERAL REVENUE FUNDS	\$33,139,320	\$33,139,320	\$0	0.0%	
GR DEDICATED	\$20,459,686	\$20,459,688	\$2	0.0%	
OTHER FUNDS	\$38,500	\$27,000	(\$11,500)	(29.9%)	Recommendations include a decrease of \$11,500 in License Plate Trust Fund Account No. 0802 due to an agency-projected decline in revenue collections.

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
ADDITIONAL ADVOCACY PROGRAMS F.3.3	\$4,126,950	\$2,062,390	(\$2,064,560)	(50.0%)	
GENERAL REVENUE FUNDS	\$1,663,646	\$1,250,864	(\$412,782)	(24.8%)	Recommendations include a decrease of \$0.4 million in General Revenue due to the following: <ul style="list-style-type: none">• Decrease of \$0.7 million due to the discontinuation of the Office of Minority Health Statistics and Engagement. (See Selected Fiscal and Policy Issue #16); and• Increase of \$0.3 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25) <p>The 2018-19 base spending level as reported in the agency's LAR was increased by \$26,140 in General Revenue to correct errors.</p>
FEDERAL FUNDS	\$1,532,347	\$811,526	(\$720,821)	(47.0%)	Recommendations include a decrease of \$0.7 million in Federal Funds due to the discontinuation of the Office of Minority Health Statistics and Engagement. (See Selected Fiscal and Policy Issue #16) <p>The 2018-19 base spending level as reported in the agency's LAR was increased by \$0.4 million in Federal Funds to correct errors.</p>
OTHER FUNDS	\$930,957	\$0	(\$930,957)	(100.0%)	Recommendations include a decrease of \$0.9 million in Interagency Contracts due to the discontinuation of the Office of Minority Health Statistics and Engagement. (See Selected Fiscal and Policy Issue #16)
Total, Goal F, COMMUNITY & IL SVCS & COORDINATION	\$627,258,383	\$624,850,425	(\$2,407,958)	(0.4%)	

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
STATE SUPPORTED LIVING CENTERS G.1.1	\$1,374,549,036	\$1,369,093,713	(\$5,455,323)	(0.4%)	Recommendations biennializes fiscal year 2018 All Funds levels (\$694.0 million), as reported in the agency's LAR, with decreases for the following: <ul style="list-style-type: none">• Decrease of \$10.0 million due to the cancellation of certain non-essential contracts on September 1, 2018;• Decrease of \$2.7 million in All Funds due to LBB-projected census decline in fiscal years 2020;• Decrease of \$4.1 million in All Funds due to LBB-projected census decline in fiscal year 2021; and• Decrease of \$2.2 million to reflect the discontinuation of Money Follows the Person (MFP) Rebalancing Demonstration Project grant funds at the start of fiscal year 2020. <p>(See Selected Fiscal and Policy Issue #15)</p> <p>The fiscal year 2019 base spending level as reported in the agency's LAR was adjusted to assume continuation of fiscal year 2018 expenditures (\$694.0 million in All Funds), with a \$6.3 million reduction due to the cancellation of certain non-essential contracts and LBB-projected census decline (continued into the 2020-21 biennium). General Revenue was reduced by \$7.2 million to hold fiscal year 2019 to the appropriated level of General Revenue. Fiscal year 2019 spending levels total \$680.5 million in All Funds; the 2018-19 biennium totals \$1,374.5 million in All Funds.</p>
GENERAL REVENUE FUNDS	\$568,649,598	\$518,924,270	(\$49,725,328)	(8.7%)	
FEDERAL FUNDS	\$755,801,308	\$800,071,081	\$44,269,773	5.9%	
OTHER FUNDS	\$50,098,130	\$50,098,362	\$232	0.0%	

**Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
MENTAL HEALTH STATE HOSPITALS G.2.1	\$804,133,888	\$852,444,540	\$48,310,652	6.0%	
GENERAL REVENUE FUNDS	\$666,478,182	\$720,857,823	\$54,379,641	8.2%	<p>Recommendations include an increase of \$54.4 million in General Revenue due to the following:</p> <ul style="list-style-type: none"> • Increase of \$27.6 million for staffing and operation of increased capacity at San Antonio, Kerrville, and Rusk State Hospitals (See Selected Fiscal and Policy Issue #14); • Increase of \$27.4 million to maintain fiscal year 2018 service levels into each fiscal year of the 2020-21 biennium. (See Selected Fiscal and Policy Issue #13); • Increase of \$5.9 million to offset a projected decline in Public Health Medicaid Reimbursements Account No. 709 (Other Funds). (See Selected Fiscal and Policy Issue #13); and • Decrease of \$6.5 million for new Clinical Management Behavioral Health Services (CMBHS) Roadmap Enhancements Phase 3 capital budget project. <p>The 2018-19 base spending level as reported in the agency's LAR was reduced by \$0.2 million in General Revenue to reflect certain LBB approved transfers and actual expenditures.</p>
FEDERAL FUNDS	\$10,263,128	\$10,073,920	(\$189,208)	(1.8%)	The 2018-19 base spending level as reported in the agency's LAR was increased by \$0.2 million in Federal Funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019.
OTHER FUNDS	\$127,392,578	\$121,512,797	(\$5,879,781)	(4.6%)	Recommendations include a decrease of \$5.9 million in Public Health Medicaid Reimbursements Account No. 709 to align with recommendations for Public Health Medicaid Reimbursements Account No. 709 at the Department of State Health Services Strategy A.4.1, Laboratory Services, slightly offset by projecting fiscal year 2018 MH Collections for Patient Support and Maintenance into each fiscal year of the 2020-21 biennium. (See Selected Fiscal and Policy Issue #13)

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
MENTAL HEALTH COMMUNITY HOSPITALS G.2.2	\$243,830,476	\$243,830,476	\$0	0.0%	
GENERAL REVENUE FUNDS	\$223,589,076	\$223,589,076	\$0	0.0%	
OTHER FUNDS	\$20,241,400	\$20,241,400	\$0	0.0%	
OTHER FACILITIES G.3.1	\$12,141,113	\$11,937,302	(\$203,811)	(1.7%)	
GENERAL REVENUE FUNDS	\$8,939,801	\$9,010,263	\$70,462	0.8%	Recommendations include an increase of \$0.1 million in General Revenue due to the following: <ul style="list-style-type: none">• Increase of \$0.1 million to partially offset decreases for the Rio Grande State Center associated with a loss of Texas 1115 Transformation Waiver funding associated with the Delivery System Reform Incentive Payments (DSRIP) program pool; and• Decrease of \$38,070 to reflect agency projection of expenses associated with operation of the Corpus Christi Bond Homes.
FEDERAL FUNDS	\$2,400,386	\$2,129,331	(\$271,055)	(11.3%)	The 2018-19 base spending level as reported in the agency's LAR was reduced by \$15,616 in General Revenue to reflect certain LBB approved transfers and actual expenditures. Recommendations include a decrease of \$0.3 million in Federal Funds due to the following: <ul style="list-style-type: none">• Decrease of \$0.2 million associated with a loss of Texas 1115 Transformation Waiver funding associated with the Delivery System Reform Incentive Payments (DSRIP) program pool; and• Decrease of \$0.1 million to reflect agency projection of expenses associated with operation of the Corpus Christi Bond Homes.
					The 2018-19 base spending level as reported in the agency's LAR was increased by \$15,616 in Federal Funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019.

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$800,926	\$797,708	(\$3,218)	(0.4%)	Recommendations include a decrease of \$3,218 in ID Collections for Patient Support and Maintenance to reflect agency projection of expenses associated with operation of the Corpus Christi Bond Homes.
FACILITY PROGRAM SUPPORT G.4.1	\$16,866,306	\$28,305,698	\$11,439,392	67.8%	
GENERAL REVENUE FUNDS	\$12,251,429	\$23,294,372	\$11,042,943	90.1%	<p>Recommendations include an increase of \$11.0 million in General Revenue due to the following:</p> <ul style="list-style-type: none">• Increase of \$7.9 million associated with replacement of 80 vehicles at the state hospitals and 163 vehicles at the state supported living centers meeting certain replacement criteria. (See Selected Fiscal and Policy Issue #27);• Increase of \$1.7 million to transfer funding and FTEs associated with oversight of state hospital construction projects from Strategy G.4.2, Facility Capital Repairs and Renovations, in the 2020-21 biennium. These projects were approved in the 2018-19 biennium. (See Selected Fiscal and Policy Issue #14);• Increase of \$1.1 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25); and• Increase of \$0.3 million to biennialize funding for certain contract oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. <p>The 2018-19 base spending level as reported in the agency's LAR was reduced by \$0.1 million in General Revenue to reflect certain LBB approved transfers and actual expenditures.</p>

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$3,852,316	\$4,404,620	\$552,304	14.3%	<p>Recommendations include an increase of \$0.6 million in Federal Funds due to the following:</p> <ul style="list-style-type: none">• Increase of \$0.4 million in Federal Funds to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25);• Increase of \$0.1 million in Federal Funds to biennialize funding for certain contract oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. <p>The 2018-19 base spending level as reported in the agency's LAR was reduced by \$33,250 in Federal Funds to reflect certain LBB approved transfers and actual expenditures; offset by an increase in funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019.</p>
OTHER FUNDS	\$762,561	\$606,706	(\$155,855)	(20.4%)	<p>Recommendations include a decrease of \$0.3 million in Interagency Contracts, partially offset by an increase of \$0.1 million in ID Collections for Patient Support and Maintenance, to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)</p>

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FACILITY CAPITAL REPAIRS & RENOV G.4.2	\$474,832,690	\$7,283,919	(\$467,548,771)	(98.5%)	
GENERAL REVENUE FUNDS	\$9,492,088	\$6,704,315	(\$2,787,773)	(29.4%)	Recommendations include a decrease of \$2.8 million in General Revenue due to the following: <ul style="list-style-type: none">• Decrease of \$1.7 million to transfer funding and FTEs associated with oversight of state hospital construction projects to Strategy G.4.1, Facility Program Support, in the 2020-21 biennium. These projects were approved in the 2018-19 biennium. (See Selected Fiscal and Policy Issue #14); and• Decrease of \$1.0 million to reflect an anticipated decrease associated with the Master Lease Purchase Program (MLPP) for the 2020-21 biennium.
GR DEDICATED	\$579,604	\$579,604	\$0	0.0%	
OTHER FUNDS	\$464,760,998	\$0	(\$464,760,998)	(100.0%)	Recommendations include a decrease of \$464.8 million in Other Funds due to the following: <ul style="list-style-type: none">• Decrease of \$300.0 million in one-time funding from the Economic Stabilization Fund for new construction and significant repair projects at the state hospitals and other inpatient mental health facilities (See Selected Fiscal and Policy Issue #14);• Decrease of \$158.6 million in one-time funding from the Economic Stabilization Fund for repairs and renovations at the state hospitals and state supported living centers; and• Decrease of \$6.2 million in General Obligation Bond Proceeds that HHSC anticipates expending in fiscal year 2018.
Total, Goal G, FACILITIES	\$2,926,353,509	\$2,512,895,648	(\$413,457,861)	(14.1%)	

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FACILITY/COMMUNITY-BASED REGULATION H.1.1	\$199,057,039	\$208,611,605	\$9,554,566	4.8%	
GENERAL REVENUE FUNDS	\$52,538,039	\$68,459,852	\$15,921,813	30.3%	<p>Recommendations include an increase of \$15.9 million in General Revenue due to the following:</p> <ul style="list-style-type: none">• Increase of \$13.8 million to offset agency-projected revenue decreases in General Revenue-Dedicated Home Health Services Account No. 5018;• Increase of \$9.6 million to biennialize funding for certain contract oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. (See Selected Fiscal and Policy Issue #23);• Decrease of \$1.5 million to offset agency-projected revenue increases in General Revenue-Dedicated Hospital Licensing Account No. 129; and• Decrease of \$5.9 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25) <p>The 2018-19 base spending level as reported in the agency's LAR was reduced by \$2.6 million in General Revenue to reflect certain LBB approved transfers and actual approvals and to transfer funding for the agency's Texas.Gov subscription to Strategy H.4.1, Texas.Gov. (See Selected Fiscal and Policy Issue #23)</p>

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
GR DEDICATED	\$28,242,321	\$16,688,024	(\$11,554,297)	(40.9%)	<p>Recommendations include a decrease of \$11.6 million in General Revenue-Dedicated due to the following:</p> <ul style="list-style-type: none">• Decrease of \$13.8 million in General Revenue-Dedicated Account No. 5018 based on agency-projected revenue collections, offset by an increase in General Revenue;• Increase of \$1.5 million in General Revenue-Dedicated Account No. 129 based on agency-projected revenue collections, offset by a decrease in General Revenue; and• Increase of \$0.7 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25) <p>The 2018-19 base spending level as reported in the agency's LAR was reduced by \$10,500 due to transfer of funding for the agency's Texas.Gov subscription to Strategy H.4.1, Texas.Gov. (See Selected Fiscal and Policy Issue #23)</p>
FEDERAL FUNDS	\$118,276,679	\$123,463,729	\$5,187,050	4.4%	<p>Recommendations include an increase of \$5.2 million in Federal Funds to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)</p>

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
LTC QUALITY OUTREACH H.1.2	\$18,296,114	\$10,541,002	(\$7,755,112)	(42.4%)	
GENERAL REVENUE FUNDS	\$3,700,004	\$3,891,553	\$191,549	5.2%	Recommendations include an increase of \$0.2 million in General Revenue to biennialize funding for certain contract oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. (See Selected Fiscal and Policy Issue #23)
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$44,666 in General Revenue to reflect certain LBB approved transfers and actual expenditures.
FEDERAL FUNDS	\$6,117,891	\$6,309,440	\$191,549	3.1%	Recommendations include an increase of \$0.2 million in Federal Funds to biennialize funding for certain contract oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. (See Selected Fiscal and Policy Issue #23)
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$44,665 in Federal Funds to reflect certain LBB approved transfers and actual expenditures.
OTHER FUNDS	\$8,478,219	\$340,009	(\$8,138,210)	(96.0%)	Recommendations include a decrease of \$8.1 million in Appropriated Receipts to reflect the end of certain Civil Money Penalty (CMP) projects.

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
CHILD CARE REGULATION H.2.1	\$75,844,635	\$82,473,470	\$6,628,835	8.7%	
GENERAL REVENUE FUNDS	\$39,181,219	\$40,500,878	\$1,319,659	3.4%	Recommendations include an increase of \$1.3 million in General Revenue to biennialize funding for certain contract oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. (See Selected Fiscal and Policy Issue #23)
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$0.3 million in General Revenue to reflect certain LBB approved transfers and actual expenditures.
FEDERAL FUNDS	\$36,302,642	\$34,256,916	(\$2,045,726)	(5.6%)	Recommendations include a decrease of \$2.0 million in Federal Funds to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)
OTHER FUNDS	\$360,774	\$7,715,676	\$7,354,902	2,038.6%	Recommendations include an increase of \$7.4 million in Interagency Contracts associated with former-DPFS background check staff.

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
HEALTH CARE PROFESSIONALS & OTHER H.3.1	\$7,468,891	\$8,714,734	\$1,245,843	16.7%	
GENERAL REVENUE FUNDS	\$5,502,199	\$6,748,044	\$1,245,845	22.6%	Recommendations include an increase of \$1.2 million in General Revenue due to the following: • Increase of \$0.8 million to biennialize funding for certain oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018 (See Selected Fiscal and Policy Issue #23); and • Increase of \$0.4 million to maintain 2018-19 appropriated levels for staff salaries and related expenditures. The 2018-19 base spending level as reported in the agency's LAR was reduced by \$0.7 million in General Revenue to reflect certain LBB approved transfers and actual expenditures, and to reflect the transfer of funding for the agency's Texas.Gov subscription to Strategy H.4.1, Texas.Gov. (See Selected Fiscal and Policy Issue #23)
FEDERAL FUNDS	\$902,302	\$669,536	(\$232,766)	(25.8%)	Recommendations include a decrease of \$0.2 million in Federal Funds to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)
OTHER FUNDS	\$1,064,390	\$1,297,154	\$232,764	21.9%	Recommendations include an increase of \$0.2 million in Appropriated Receipts to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)
TEXAS.GOV H.4.1	\$246,280	\$246,280	\$0	0.0%	The agency's 2018-19 expenditures for Texas.Gov subscription fees were
GENERAL REVENUE FUNDS	\$235,780	\$235,780	\$0	0.0%	reported in the agency's LAR in Strategies H.1.1, Facility/Community-Based
GR DEDICATED	\$10,500	\$10,500	\$0	0.0%	Regulation and H.3.1, Health Care Professionals and Other. The 2018-19 base spending levels were adjusted to show these expenditures in Strategy H.4.1, Texas.Gov. (See Selected Fiscal and Policy Issue #23)
Total, Goal H, REGULATORY SERVICES	\$300,912,959	\$310,587,091	\$9,674,132	3.2%	

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
INTEGRATED ELIGIBILITY & ENROLLMENT I.1.1	\$1,328,942,197	\$1,229,642,299	(\$99,299,898)	(7.5%)	
GENERAL REVENUE FUNDS	\$502,379,186	\$402,748,097	(\$99,631,089)	(19.8%)	Recommendations reflect a decrease of \$99.6 million in General Revenue. Recommendations return to 2018-19 appropriated All Funds levels and reduce General Revenue to align with the enhanced 75 percent federal matching rate for certain eligibility activities. (See Selected Fiscal and Policy Issue #28)
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$0.2 million in General Revenue to reflect certain LBB approved transfers and actual expenditures.
FEDERAL FUNDS	\$813,140,745	\$813,472,419	\$331,674	0.0%	Recommendations reflect an increase of \$0.3 million in Federal Funds due primarily to agency projection of increased federal financial participation for certain agency administrative activities related to the revised PACAP, offset by changes to several federal funding sources to align with recommended General Revenue funding levels. (See Selected Fiscal and Policy Issue #25)
OTHER FUNDS	\$13,422,266	\$13,421,783	(\$483)	(0.0%)	Recommendations reflect an adjustment to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
LONG-TERM CARE INTAKE & ACCESS 1.2.1	\$552,864,388	\$511,114,168	(\$41,750,220)	(7.6%)	Recommendations reflect a decrease of \$9.7 million in General Revenue due to the following: <ul style="list-style-type: none">• Decrease of \$7.0 million to align with LBB FMAP estimates for the 2020-21 biennium;• Decrease of \$3.6 million to align with revised target for Earned Federal Funds. (See Selected Fiscal and Policy Issue #29);• Increase of \$2.5 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25);• Decrease of \$0.4 million to reflect the transfer of certain Subrogation and Recovery FTEs and funding to the Office of the Inspector General; and• Decrease of \$1.3 million related to agency forecast for Targeted Case Management.
GENERAL REVENUE FUNDS	\$255,937,487	\$246,203,329	(\$9,734,158)	(3.8%)	
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$1.1 million in General Revenue to reflect certain LBB approved transfers and actual expenditures. (See Selected Fiscal and Policy Issue #5)

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$295,726,901	\$263,710,839	(\$32,016,062)	(10.8%)	<p>Recommendations reflect a decrease of \$32.0 million in Federal Funds due to the following:</p> <ul style="list-style-type: none">•Decrease of \$17.7 million to reflect the expiration of funding for the Money Follows the Person program;•Increase of \$10.8 million to align with LBB FMAP estimates and associated General Revenue funding;•Decrease of \$23.1 million to align with agency's projected impact of the revised PACAP (See Selected Fiscal and Policy Issue #25);•Decrease of \$0.4 million to reflect the transfer of certain Subrogation and Recovery FTEs and funding to the Office of the Inspector General; and•Decrease of \$1.6 million related to agency forecast for Targeted Case Management. <p>The 2018-19 base spending level was increased by \$0.7 million to reflect Federal Funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019; offset by the transfer of certain Subrogation and Recovery FTEs and funding to the Office of Inspector General in fiscal year 2019.</p>
OTHER FUNDS	\$1,200,000	\$1,200,000	\$0	0.0%	

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
TIERS & ELIGIBILITY SUPPORT TECH I.3.1	\$280,440,167	\$226,136,201	(\$54,303,966)	(19.4%)	Recommendations include a decrease of \$9.4 million in General Revenue due to the following: • Decrease of \$4.9 million related to the reallocation of General Revenue to Strategy I.3.2, TIERS Capital Projects to provide for an agency requested increase in capital budget authority for TIERS; and • Decrease of \$4.5 million related to the anticipated expiration of the federally-approved waiver from the requirements of the Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments. The waiver allows HHSC to leverage higher Medicaid matching rates for TIERS updates and enhancements even when updates or enhancements also benefit other public assistance programs. Without the waiver, these costs would be allocated across programs, some of which have lower levels of federal financial participation. The net result would reduce the All Funds obligations for this strategy to maintain the total General Revenue obligation for TIERS capital projects and support costs overall. The 2018-19 base spending level as reported in the agency's LAR was reduced by \$35,234 in General Revenue to reflect certain LBB approved transfers and actual expenditures.
GENERAL REVENUE FUNDS	\$91,367,084	\$82,006,519	(\$9,360,565)	(10.2%)	

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$188,149,328	\$143,181,546	(\$44,967,782)	(23.9%)	<p>Recommendations include a decrease of \$45.0 million in Federal Funds due to the anticipated expiration of the federally approved waiver from the requirements of the Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments. The waiver allows HHSC to leverage higher Medicaid matching rates for TIERS updates and enhancements even when updates or enhancements also benefit other public assistance programs. Without the waiver, these costs would be allocated across programs, some of which have lower levels of federal financial participation. The net result would be to reduce the All Funds obligations for this strategy to maintain the total General Revenue obligation for TIERS capital projects and support costs overall.</p> <p>The 2018-19 base spending level as reported in the agency's LAR was increased by \$35,524 in Federal Funds to account for funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019 and to align with Federal Funds received for Opioid State Targeted Response. (See Selected Fiscal and Policy Issue #8)</p>
OTHER FUNDS	\$923,755	\$948,136	\$24,381	2.6%	

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
TIERS CAPITAL PROJECTS I.3.2	\$95,883,444	\$108,122,959	\$12,239,515	12.8%	Recommendations include an increase of \$9.4 million in General Revenue due to the following: <ul style="list-style-type: none">• Increase of \$4.9 million related to the reallocation of General Revenue from Strategy I.3.1, TIERS & Eligibility Support Tech, to provide for an agency requested increase in capital budget authority for TIERS;• Increase of \$4.8 million to align with the agency's projected impact of the revised PACAP (See Selected Fiscal and Policy Issue #25); and• Decrease of \$0.3 million related to the anticipated expiration of the federally approved waiver from the requirements of the Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments. The 2018-19 base spending level as reported in the agency's LAR was reduced by \$22,045 in General Revenue to reflect certain LBB approved transfers and actual expenditures.
GENERAL REVENUE FUNDS	\$30,950,422	\$40,368,266	\$9,417,844	30.4%	

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$64,933,022	\$67,754,693	\$2,821,671	4.3%	<p>Recommendations include an increase of \$2.8 million in Federal Funds due to the following:</p> <ul style="list-style-type: none">• Increase of \$8.2 million related to the reallocation of General Revenue from Strategy I.3.1, TIERS & Eligibility Support Tech, to provide for an agency requested increase in capital budget authority for TIERS. This adjustment accounts for the additional federal funds drawn down in this strategy as a result of the increased General Revenue;• Decrease of \$4.8 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25); and• Decrease of \$0.5 million related to the anticipated expiration of the federally approved waiver from the requirements of the Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments. This adjustment accounts for the decrease in federal funds drawn down as a result of decreased General Revenue due to the anticipated expiration of the OMB A-87 waiver. <p>The 2018-19 base spending level as reported in the agency's LAR was increased by \$22,045 in Federal Funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019.</p>
Total, Goal I, PGM ELG DETERMINATION & ENROLLMENT	\$2,258,130,196	\$2,075,015,627	(\$183,114,569)	(8.1%)	

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
DISABILITY DETERMINATION SVCS (DDS) J.1.1	\$230,435,192	\$211,379,464	(\$19,055,728)	(8.3%)	
FEDERAL FUNDS	\$230,435,192	\$211,379,464	(\$19,055,728)	(8.3%)	Recommendations include a decrease of \$19.1 million in Federal Funds to align with the agency's projection of the number of disability determinations HHSC will process on behalf of the Social Security Administration.
Total, Goal J, DISABILITY DETERMINATION	\$230,435,192	\$211,379,464	(\$19,055,728)	(8.3%)	
Total, Goal K, OFFICE OF INSPECTOR GENERAL	\$108,591,123	\$110,273,096	\$1,681,973	1.5%	See presentation titled <i>Health and Human Services Commission - Office of Inspector General: Summary of Recommendations - House</i> for details.
HHS SYSTEM SUPPORTS L.1.1	\$202,227,792	\$219,605,590	\$17,377,798	8.6%	
GENERAL REVENUE FUNDS	\$85,480,027	\$95,951,961	\$10,471,934	12.3%	Recommendations include an increase of \$10.5 million in General Revenue due to the following: <ul style="list-style-type: none">• Increase of \$10.1 million to align with the agency's projected impact of the revised PACAP (See Selected Fiscal and Policy Issue #25); and• Increase of \$0.4 million to biennialize funding for certain contract oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. The 2018-19 spending level as reported in the agency's LAR was reduced by \$0.2 million in General Revenue to reflect certain LBB approved transfers and actual expenditures.

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$58,444,366	\$62,968,945	\$4,524,579	7.7%	<p>Recommendations include an increase of \$4.5 million in Federal Funds due to the following:</p> <ul style="list-style-type: none">• Increase of \$4.1 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25);• Increase of \$0.5 million to biennialize funding for certain contract oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018; and• Decrease of \$25,176 to align with estimated funding available for Opioid State Targeted Response. (See Selected Fiscal and Policy Issue #8) <p>The 2018-19 base spending level as reported in the agency's LAR was increased by \$0.1 million in Federal Funds to account for funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019 and to align with Federal Funds received for Opioid State Targeted Response. (See Selected Fiscal and Policy Issue #8)</p>
OTHER FUNDS	\$58,303,399	\$60,684,684	\$2,381,285	4.1%	<p>Recommendations include an increase of \$2.4 million in Other Funds due to the following:</p> <ul style="list-style-type: none">• Increase of \$2.3 million to align with the agency's projected impact of the revised PACAP (See Selected Fiscal and Policy Issue #25); and• Increase of \$39,298 in Interagency Contracts to biennialize funding for certain contract oversight and regulatory FTEs related to the LBB approval letter dated June 1, 2018. <p>The 2018-19 base spending level as reported in the agency's LAR was reduced by \$9,825 in Interagency Contracts to reflect certain LBB approved transfers and actual expenditures.</p>

Health and Human Services Commission					
Funding Changes and Recommendations by Strategy - House					
Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
IT OVERSIGHT & PROGRAM SUPPORT L.1.2	\$426,159,312	\$425,896,259	(\$263,053)	(0.1%)	
GENERAL REVENUE FUNDS	\$179,859,351	\$189,719,237	\$9,859,886	5.5%	Recommendations include an increase of \$9.9 million in General Revenue due to the following: <ul style="list-style-type: none">• Increase of \$13.0 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25); and• Decrease of \$3.1 million reallocated by the agency for a new capital budget project (Performance Management and Analytics).
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$0.3 million in General Revenue to reflect certain LBB approved transfers and actual expenditures.
FEDERAL FUNDS	\$171,859,170	\$161,836,988	(\$10,022,182)	(5.8%)	Recommendations include a decrease of \$10.0 million in Federal Funds due to the following: <ul style="list-style-type: none">• Decrease of \$6.8 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25);• Decrease of \$3.1 million reallocated by the agency for a new capital budget project (Performance Management and Analytics);• Decrease of \$0.1 million to align with estimated funding available for Opioid State Targeted Response (See Selected Fiscal and Policy Issue #8); and• Decrease of \$1,814 to align with estimated funding available for Money Follows the Person.
					The 2018-19 base spending level as reported in the agency's LAR was increased by \$0.4 million in Federal Funds to account for funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019 and to align with Federal Funds received for Opioid State Targeted Response. (See Selected Fiscal and Policy Issue #8)

**Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$74,440,791	\$74,340,034	(\$100,757)	(0.1%)	Recommendations include a decrease of \$0.1 million in Other Funds to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)
CENTRAL PROGRAM SUPPORT L.2.1	\$93,615,022	\$94,565,686	\$950,664	1.0%	
GENERAL REVENUE FUNDS	\$43,829,157	\$45,082,493	\$1,253,336	2.9%	Recommendations include an increase of \$1.3 million in General Revenue to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)
FEDERAL FUNDS	\$36,802,361	\$35,977,365	(\$824,996)	(2.2%)	<p>The 2018-19 base spending level as reported in the agency's LAR was reduced by \$0.2 million in General Revenue to reflect certain LBB approved transfers and actual expenditures.</p> <p>Recommendations include a decrease of \$0.8 million in Federal Funds due to the following:</p> <ul style="list-style-type: none"> • Decrease of \$0.8 million to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25); and • Decrease of \$22,260 to align with Federal Funds received for Opioid State Targeted Response. (See Selected Fiscal and Policy Issue #8) <p>The 2018-19 base spending level as reported in the agency's LAR was increased by \$0.2 million in Federal Funds to account for funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019 and to align with Federal Funds received for Opioid State Targeted Response. (See Selected and Fiscal Policy Issue #8)</p>
OTHER FUNDS	\$12,983,504	\$13,505,828	\$522,324	4.0%	Recommendations include an increase of \$0.5 million in Other Funds to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
REGIONAL PROGRAM SUPPORT L.2.2	\$201,736,743	\$202,412,693	\$675,950	0.3%	
GENERAL REVENUE FUNDS	\$8,622,922	\$9,538,983	\$916,061	10.6%	Recommendations include an increase of \$0.9 million in General Revenue to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$39,110 in General Revenue to reflect certain LBB approved transfers and actual expenditures.
FEDERAL FUNDS	\$11,976,605	\$10,927,701	(\$1,048,904)	(8.8%)	Recommendations include a decrease of \$1.0 million in Federal Funds to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)
					The 2018-19 base spending level as reported in the agency's LAR was increased by \$39,110 in Federal Funds made available by more favorable matching rates for Medicaid and CHIP in fiscal year 2019.
OTHER FUNDS	\$181,137,216	\$181,946,009	\$808,793	0.4%	Recommendations include an increase of \$0.8 million in Interagency Contracts to align with the agency's projected impact of the revised PACAP. (See Selected Fiscal and Policy Issue #25)
Total, Goal L, SYSTEM OVERSIGHT & PROGRAM SUPPORT	\$923,738,869	\$942,480,228	\$18,741,359	2.0%	

Health and Human Services Commission
Funding Changes and Recommendations by Strategy - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
TEXAS CIVIL COMMITMENT OFFICE M.1.1	\$30,871,827	\$33,086,545	\$2,214,718	7.2%	
GENERAL REVENUE FUNDS	\$30,578,265	\$32,962,545	\$2,384,280	7.8%	Recommendations reflect an increase of \$2.4 million for projected caseload growth in the 2020-21 biennium.
					The 2018-19 base spending level as reported in the agency's LAR was reduced by \$2.4 million to reflect the transfer of certain unexpended funds in fiscal year 2018 into the Medicaid program in fiscal year 2019. Unexpended balances are due to lower than anticipated caseloads in fiscal year 2018.
OTHER FUNDS	\$293,562	\$124,000	(\$169,562)	(57.8%)	Recommendations reflect a decrease of \$0.2 million for one-time grant funding received from the Governor's Criminal Justice Division in fiscal year 2018.
Total, Goal M, TEXAS CIVIL COMMITMENT OFFICE	\$30,871,827	\$33,086,545	\$2,214,718	7.2%	
Grand Total, All Agency	\$76,381,456,299	\$77,441,804,962	\$1,060,348,663	1.4%	
GENERAL REVENUE FUNDS	\$30,417,132,093	\$29,178,413,096	(\$1,238,718,997)	(4.1%)	
GR DEDICATED	\$197,068,511	\$163,216,702	(\$33,851,809)	(17.2%)	
FEDERAL FUNDS	\$43,610,435,443	\$46,418,186,136	\$2,807,750,693	6.4%	
OTHER FUNDS	\$2,156,820,252	\$1,681,989,028	(\$474,831,224)	(22.0%)	

Health and Human Services Commission
Summary of Federal Funds - House
(Dollar amounts in Millions)

Appendix B

Program¹	Est 2018	Bud 2019	Rec 2020	Rec 2021	2018-19 Base	2020-21 Rec	2020-21 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Medicaid	\$18,471.4	\$19,718.6	\$20,369.5	\$21,259.6	\$38,190.0	\$41,629.2	89.7%	\$3,439.2	9.0%
Children's Health Insurance Program (CHIP)	\$954.6	\$1,003.8	\$941.7	\$878.3	\$1,958.5	\$1,819.9	3.9%	(\$138.6)	(7.1%)
Nutrition Program for Women, Infants, and Children	\$553.6	\$553.6	\$552.9	\$552.9	\$1,107.2	\$1,105.7	2.4%	(\$1.5)	(0.1%)
SNAP State Administration	\$185.2	\$191.7	\$186.8	\$189.8	\$376.9	\$376.6	0.8%	(\$0.3)	(0.1%)
Substance Abuse Prevention and Treatment	\$143.5	\$143.5	\$143.5	\$143.5	\$287.0	\$287.1	0.6%	\$0.0	0.0%
Disability Determinations	\$119.5	\$119.8	\$114.1	\$114.1	\$239.3	\$228.2	0.5%	(\$11.0)	(4.6%)
Social Services Block Grant	\$95.2	\$95.2	\$95.2	\$95.2	\$190.4	\$190.3	0.4%	(\$0.0)	(0.0%)
Community Mental Health	\$41.4	\$41.4	\$53.9	\$53.9	\$82.9	\$107.7	0.2%	\$24.8	30.0%
Special Education Grants for Infants and Families	\$44.7	\$49.4	\$45.2	\$48.5	\$94.2	\$93.6	0.2%	(\$0.5)	(0.5%)
Special Programs for the Aging - Nutrition Services	\$38.9	\$38.9	\$35.6	\$35.6	\$77.9	\$71.2	0.2%	(\$6.6)	(8.5%)
Temporary Assistance for Needy Families	\$30.6	\$28.5	\$30.7	\$32.7	\$59.1	\$63.3	0.1%	\$4.2	7.1%
Temporary Assistance for Needy Families to Title XX Social Services Block Grant	\$31.3	\$31.3	\$31.5	\$31.5	\$62.5	\$62.9	0.1%	\$0.4	0.6%
State Survey and Certification of Health Care Providers and Suppliers (Medicare)	\$31.9	\$32.1	\$30.3	\$30.3	\$64.0	\$60.6	0.1%	(\$3.5)	(5.4%)
Opioid State Targeted Response	\$27.4	\$119.8	\$27.4	\$27.4	\$147.2	\$54.7	0.1%	(\$92.5)	(62.8%)
Special Programs for the Aging - Supportive Services	\$25.3	\$24.3	\$26.6	\$26.6	\$49.5	\$53.2	0.1%	\$3.6	7.3%
Child Care and Development Block Grant	\$17.1	\$17.0	\$16.2	\$16.2	\$34.1	\$32.3	0.1%	(\$1.7)	(5.1%)
Maternal and Child Health Services Block Grant	\$12.9	\$12.9	\$13.2	\$13.2	\$25.7	\$26.3	0.1%	\$0.6	2.3%
Nutrition Services Incentive Program	\$11.2	\$11.2	\$11.6	\$11.6	\$22.4	\$23.1	0.0%	\$0.8	3.4%
WIC Breastfeeding Peer Counseling	\$10.2	\$10.2	\$10.2	\$10.2	\$20.4	\$20.4	0.0%	\$0.0	0.0%
National Family Caregiver Support Program	\$8.9	\$8.9	\$9.6	\$9.6	\$17.8	\$19.2	0.0%	\$1.5	8.2%
Abstinence Education Program	\$7.9	\$7.9	\$7.9	\$7.9	\$15.8	\$15.8	0.0%	(\$0.0)	(0.0%)
Family Violence Prevention & Services	\$6.4	\$6.7	\$6.7	\$6.7	\$13.1	\$13.4	0.0%	\$0.3	2.4%
Texas Cancer Prevention and Control	\$5.7	\$5.7	\$6.0	\$6.0	\$11.4	\$12.0	0.0%	\$0.6	5.3%
Special Education Basic State Grants	\$5.1	\$5.1	\$5.1	\$5.1	\$10.3	\$10.3	0.0%	\$0.0	0.0%
Projects for Assistance in Transition from Homelessness	\$5.0	\$5.0	\$5.0	\$5.0	\$10.0	\$10.0	0.0%	(\$0.0)	(0.0%)
WIC Administration	\$2.4	\$2.4	\$2.3	\$2.2	\$4.8	\$4.5	0.0%	(\$0.3)	(6.2%)
State Health Insurance Assistance Program	\$2.3	\$2.2	\$2.2	\$2.2	\$4.4	\$4.3	0.0%	(\$0.1)	(1.9%)
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	\$2.1	\$2.1	\$2.1	\$2.1	\$4.2	\$4.3	0.0%	\$0.1	2.1%
Foster Grandparent Program	\$1.8	\$1.9	\$1.9	\$1.9	\$3.7	\$3.8	0.0%	\$0.1	3.2%
Title IV-E Foster Care Administration	\$2.2	\$2.2	\$1.9	\$1.9	\$4.5	\$3.7	0.0%	(\$0.8)	(16.8%)
Special Programs for the Aging - Disease Prevention and Health Promotion Services	\$1.4	\$1.4	\$1.3	\$1.3	\$2.7	\$2.6	0.0%	(\$0.1)	(5.0%)

Health and Human Services Commission
Summary of Federal Funds - House
(Dollar amounts in Millions)

Appendix B

Program ¹	Est 2018	Bud 2019	Rec 2020	Rec 2021	2018-19 Base	2020-21 Rec	2020-21 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Medicare Enrollment Assistance Program	\$1.7	\$1.1	\$1.1	\$1.1	\$2.8	\$2.3	0.0%	(\$0.5)	(19.1%)
Administration for Community Living - Independent Living State Grants	\$1.0	\$1.0	\$1.0	\$1.0	\$2.0	\$2.0	0.0%	\$0.0	0.0%
Special Programs for the Aging - Long Term Care Ombudsman Services for Older Individuals	\$1.1	\$1.0	\$1.0	\$1.0	\$2.1	\$2.0	0.0%	(\$0.0)	(1.9%)
Special Programs for the Aging - Prevention of Elder Abuse, Neglect, and Exploitation	\$0.3	\$0.3	\$0.3	\$0.3	\$0.6	\$0.6	0.0%	(\$0.0)	(2.2%)
State Partnership Grant Program to Improve Minority Health	\$0.2	\$0.2	\$0.2	\$0.2	\$0.3	\$0.3	0.0%	(\$0.0)	(1.4%)
Alzheimer's Disease Demonstration Grants Program	\$0.4	\$0.1	\$0.1	\$0.1	\$0.5	\$0.3	0.0%	(\$0.2)	(48.5%)
Special Programs for the Aging - Discretionary Projects	\$0.4	\$0.1	\$0.1	\$0.1	\$0.5	\$0.2	0.0%	(\$0.3)	(60.2%)
Lifespan Respite Care Program	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	(\$0.0)	(100.0%)
Mental Health Disaster Assistance and Emergency Mental Health	\$8.7	\$2.2	\$0.0	\$0.0	\$10.8	\$0.0	0.0%	(\$10.8)	(100.0%)
Crisis Counseling	\$1.7	\$0.0	\$0.0	\$0.0	\$1.7	\$0.0	0.0%	(\$1.7)	(100.0%)
Other Needs Assistance	\$343.7	\$0.0	\$0.0	\$0.0	\$343.7	\$0.0	0.0%	(\$343.7)	(100.0%)
Disaster Assistance Projects	\$53.6	\$0.0	\$0.0	\$0.0	\$53.6	\$0.0	0.0%	(\$53.6)	(100.0%)
TOTAL:	\$21,309.7	\$22,300.8	\$22,791.7	\$23,626.5	\$43,610.4	\$46,418.2	100.0%	\$2,807.8	6.4%

¹ Amounts include federal funds at Health and Human Services Commission - Office of the Inspector General.

**Health and Human Services Commission
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Cap	12,831.2	39,709.3	39,683.4	37,795.6	38,057.4
Senate Bill 200 Transfers	18,531.2	NA	NA	NA	NA
Total Cap	31,362.4	39,709.3	39,683.4	37,795.6	38,057.4
Actual/Budgeted	28,656.5	35,411.3	39,809.4	NA	NA
Schedule of Exempt Positions (Cap)					
Executive Commissioner, Group 8	\$266,500	\$266,500	\$266,500	\$266,500	\$266,500

Notes:

- a) This schedule includes the following FTEs for the Office of Inspector General (OIG): FY 2017 - 651.0; FY 2018 - 577.8; FY 2019 - 751.2; FY 2020 - 602.2; FY 2021 - 602.2. For additional details about OIG, including selected fiscal and policy issues, rider recommendations, and SFR findings, see the presentation titled *Health and Human Services Commission - Office of Inspector General: Summary of Recommendations - House*.
- b) The majority of the FTE increase between FY 2017 and FY 2018 is attributable to the transfer of mental health state hospital and state supported living center FTEs from DSHS and DADS, respectively, to HHSC on September 1, 2017 pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015.
- c) The fiscal year 2018 actual FTE amount has been updated from the amount in the agency's LAR submission to reflect finalized actuals.
- d) The FTE cap for fiscal year 2019 was adjusted as follows:
- 1) An increase of 223.0 temporary FTEs to address disaster-related needs related to Hurricane Harvey;
 - 2) A decrease of 119.0 FTEs related to transfer of child care abuse, neglect, and exploitation investigations from HHSC to DFPS; and
 - 3) An increase of 22.0 FTEs related to the establishment of DFPS help desk services at the HHSC IT customer help desk.
- e) The recommended FTE Cap for the 2020-21 biennium includes an adjustment from 2019 budgeted FTEs to reflect a 4.4 percent reduction (1,752.0 FTEs) to remove a portion of FTEs in certain strategies that were consistently vacant in fiscal year 2018 according to HHSC's Monthly Financial Reports (MFR). Strategies were reduced to between 100 percent and 107.5 percent of the actual fiscal year 2018 fill level as reported in the MFR.
- f) The State Auditor's Office, *Executive Compensation at State Agencies* (Report No. 18-705, August 2018), indicated a market average salary of \$305,535 for the Executive Commissioner position at the Health and Human Services Commission and recommends changing the Group classification to Group 9. The commission is not requesting any changes to its Exempt position.

**Health and Human Services Commission
Performance Measure Highlights - House**

Appendix D

	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
<ul style="list-style-type: none"> Average Monthly Number of Women Receiving HTW Services <p><i>Measure Explanation: Recommendations include a new key performance measure for the average monthly number of women receiving services through the Healthy Texas Women (HTW) program.</i></p>	25,150	34,515	34,532	34,532	34,532
<ul style="list-style-type: none"> Average Monthly Number of Eligibility Determinations Completed <p><i>Measure Explanation: Recommendations include a new key performance measure for the average monthly number of Early Childhood Intervention (ECI) eligibility determinations completed.</i></p>	3,923	4,138	4,188	4,333	4,477
<ul style="list-style-type: none"> Average Monthly Number of Children Newly Enrolled in ECI <p><i>Measure Explanation: Recommendations include a new key performance measure for the average monthly number of children newly enrolled in Early Childhood Intervention (ECI) services.</i></p>	2,578	2,719	2,752	2,847	2,942
<ul style="list-style-type: none"> Number of Persons Served in Abstinence Education Programs <p><i>Measure Explanation: The 2018-19 target for this measure is 48,000 persons served each year. HHSC reported serving 10,226 people in fiscal year 2018, or 21.3 percent of the target. Prior to fiscal year 2017, the program was at the Department of State Health Services (DSHS); the program transferred to HHSC on September 1, 2016 pursuant to Senate Bill 200, Eighty-fourth Legislature, 2015. In fiscal year 2016, DSHS reported serving 64,853 people. Funding for the program has increased since fiscal year 2016. Recommendations maintain the 2018-19 target in 2020-21.</i></p>	5,612	10,226	9,000	48,000	48,000
<ul style="list-style-type: none"> Average Monthly Number of SSLC Campus Residents <p><i>Measure Explanation: Recommendations align with LBB staff-projected census declines in the 2020-21 biennium.</i></p>	3,026	2,962	2,906	2,848	2,790

Note: This section does not include performance measures for the Office of Inspector General (OIG). For additional details about OIG, including selected fiscal and policy issues, rider recommendations, and SFR findings, see the presentation titled *Health and Human Services Commission - Office of Inspector General: Summary of Recommendations - House*.

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
1)	Salary Savings - Hold FTEs Vacant	<p>According to the agency: The \$2.2 million General Revenue reduction is expected to have a low to moderate impact on the agency's mission. The associated revenue loss in federal funding is \$3.1 million for the biennium. These reductions could impact the level and timeliness of services and support in addition to potentially increasing response times. Areas most affected by these reductions are: Office of Inspector General, Rate Analysis, and IT support.</p> <p>Note: The Option includes a reduction of \$0.8 million in General Revenue and revenue loss of \$1.2 million in Federal Funds and 14.0 FTEs related to the Office of Inspector General (OIG).</p> <p>See also Options 13, 25, and 37.</p>	\$2,186,728	\$2,186,728	42.1	\$3,060,245	*	*	No
2)	Program Salary Savings - Hold FTEs Vacant	<p>According to the agency: The reduction is expected to have a low to moderate impact on the agency's mission. These reductions could impact the program administrative and policy support in addition to potentially increasing response times.</p> <p>See also Options 14, 26, and 38.</p>	\$1,032,821	\$1,032,821	28.0	\$2,128,740	*	*	No
3)	Delayed or Deferred Capital Projects	<p>According to the agency: The \$2.5 million General Revenue reduction and associated federal funding revenue loss of \$5.9 million may somewhat limit hardware maintenance and support for the TIERS datacenter server and storage, software monitoring of TIERS Applications availability and performance, and the capability to increase resources such as memory, CPUs and storage.</p> <p>See also Options 15, 27, and 39.</p>	\$2,492,362	\$2,492,362	0.0	\$5,869,608	1.3%	\$189,719,237	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
4)	Administrative Contract Reductions	<p>According to the agency: The \$1.6 million General Revenue reduction and associated federal funding revenue loss of \$3.3 million would have the greatest affect on IT contracts and would reduce the agency's ability to perform security risk assessments for Medicaid CHIP which are required by current audit findings and CISO security policies.</p> <p>Note: The Option includes a reduction of \$51,228 in General Revenue and revenue loss of \$0.2 million in Federal Funds related to the OIG.</p> <p>See also Options 16, 28, and 40.</p>	\$1,602,190	\$1,602,190	0.0	\$3,297,343	*	*	No
5)	Program Contract Reductions	<p>According to the agency: The \$12.8 million General Revenue reduction and associated federal funding revenue loss of \$22.1 million would result in reductions to contracted program services. The reductions would reduce the ability to develop, design and implement managed care oversight enhancements and newly mandated State and Federal Medicaid initiatives by reducing the scope of work. In addition, the reductions could affect Access and Intake document processing services and require the services to be performed by HHSC vs. contracted.</p> <p>See also Options 17, 29, and 41.</p>	\$12,763,590	\$12,763,590	0.0	\$22,076,156	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
6)	TCCO Reductions	<p>According to the agency: The reduction would reduce 3.0 FTEs in FY 2020 with the reduction continued into FY 2021. Eliminate TCCO's Behavioral Health funding of \$309,222 for the biennium. This funds Behavioral Health Services for civilly committed sex offenders. These services include substance abuse treatment programs that provide alcohol and drug counseling and testing for individuals who reside in the community or in an agency operated facility. Without these services, civilly committed sex offenders would have to obtain these services from HHSC.</p> <p><i>See also Options 18, 30, and 42.</i></p>	\$815,540	\$815,540	3.0	\$0	2.5%	\$32,962,545	No
7)	Program Services Reductions	<p>According to the agency: The \$7.8 million General Revenue reduction and associated federal funding revenue loss of \$3.8 million would result in reductions to other program services. The Women's Health Program was not exempt from reductions, therefore a potential 10% reduction is included in this schedule. The other items most affected would be reduced training and travel (both for staff development as well as for conducting statewide CCL training, processing complaints and conducting surveys) for Regulatory staff, reduced direct operational support for Preadmission Screening and Resident Reviews (PASRR), and delayed implementation or significantly reduced scope of the project to make comprehensive updates to online training modules and technical assistance documents for child care providers.</p> <p><i>See also Options 19, 31, and 43.</i></p>	\$7,845,175	\$7,845,175	0.0	\$3,823,299	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
8)	Administrative Operating Reductions	<p>According to the agency: The \$6.4 million General Revenue reduction and associated federal funding revenue loss of \$13.2 million would affect HHSC's other operating expenses. These reductions would have the greatest impact on building maintenance and repairs, building services and utilities, regional administrative services expenses, and IT travel, training and supplies.</p> <p>Note: The Option includes a reduction of \$0.1 million in General Revenue and revenue loss of \$0.1 million in Federal Funds related to the OIG.</p> <p>See also Options 20, 32, and 44.</p>	\$6,410,569	\$6,410,569	0.0	\$13,222,064	*	*	No
9)	1915(c) Waiver Slot Reductions	<p>According to the agency: The reduction would reduce monthly slots by 970 in FY 2020 and 974 in FY 2021.</p> <p>See also Options 21, 33, and 45.</p>	\$31,879,676	\$31,879,676	0.0	\$49,982,605	*	*	No
10)	Grant, Loan or Pass-through Reductions	<p>According to the agency: The \$3.5 million General Revenue reduction would reduce the amount of funding available to Independent Living Services (ILS) contractors to provide IL services and would require reductions to each of the 28 councils of government (COGs)/area agencies on aging (AAAs) to provide long-term care ombudsman services.</p> <p>See also Options 22, 34, and 46.</p>	\$3,466,390	\$3,466,390	0.0	\$0	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
11)	Close Mental Health Facilities	<p>According to the agency: The \$22.0 million General Revenue reduction would affect mental health facilities by closing Casa Amistad (16 beds and another 10 beds from the main campus) and reducing Outpatient Clinic Services by 40%. These reductions would also require beginning the process to close the mental health component of Rio Grande State Center (55 beds), close Waco Center for Youth (77 beds), and close El Paso Psychiatric Center (74 beds).</p> <p><i>See also Options 23, 35, and 47.</i></p>	\$21,982,245	\$21,982,245	50.0	\$0	*	*	No
12)	Program Reductions in Force	<p>According to the agency: The reduction would require reductions in force in the Independent Living Services and the Autism Program due to program reductions.</p> <p><i>See also Options 24, 36, and 48.</i></p>	\$2,429,194	\$2,429,194	18.0	\$0	*	*	No
13)	Salary Savings - Hold FTEs Vacant	<p>According to the agency: The \$1.9 million General Revenue reduction is expected to have a moderate impact on the agency's mission. The associated revenue loss in federal funding is \$2.4 million for the biennium. These reductions would impact the level and timeliness of services and support in addition to potentially increasing response times. Areas most affected by these reductions are: Office of Inspector General, Rate Analysis, and IT support.</p> <p>Note: The Option includes a reduction of \$0.8 million in General Revenue and revenue loss of \$1.2 million in Federal Funds and 14.0 FTEs related to the OIG.</p> <p><i>See also Options 1, 25, and 37. The reduction would be in addition to the reduction in Option 1.</i></p>	\$1,930,149	\$1,930,149	33.1	\$2,401,009	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
14)	Program Salary Savings - Hold FTEs Vacant	<p>According to the agency: The \$6.7 million General Revenue reduction and associated federal funding revenue loss of \$12.9 million is expected to have a greater impact on the Integrated Financial Eligibility and Enrollment program by reducing timeliness for benefits decisions, reducing ability to train new hires and field staff, and impacting the ability to provide program and policy oversight and monitoring. In addition, these reductions impact the ability to develop the IT build prioritization processes and determine a system development strategy across all Access and Eligibility Services areas and programs.</p> <p><i>See also Options 2, 26, and 38. The reduction would be in addition to the reduction in Option 2.</i></p>	\$6,677,521	\$6,677,521	184.1	\$12,894,358	*	*	No
15)	Delayed or Deferred Capital Projects	<p>According to the agency: The \$2.8 million General Revenue reduction and associated federal funding revenue loss of \$7.9 million would moderately limit hardware maintenance and support for the TIERS datacenter server and storage, moderately limit software monitoring of TIERS Applications availability and performance, and limit capability to increase resources such as memory, CPUs and storage. The reduction would also affect the ability to implement Care Connect, the software used by Health and Specialty Care System to send a patient's electronic health record within state facilities and local mental health authorities.</p> <p><i>See also Options 3, 27, and 39. The reduction would be in addition to the reduction in Option 3.</i></p>	\$2,840,154	\$2,840,154	0.0	\$7,914,906	1.5%	\$189,719,237	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
16)	Administrative Contract Reductions	<p>According to the agency: The \$1.2 million General Revenue reduction and associated federal funding revenue loss of \$2.2 million would have the greatest affect on IT contracts and would reduce staff augmentation contractors who support IT projects and advance important process improvement projects across HHS, reduce managed services for Consolidated Help Desk and Office Support, and eliminate managed services for SSLCs and technology research contract.</p> <p>Note: The Option includes a reduction of \$51,228 in General Revenue and revenue loss of \$0.2 million in Federal Funds related to the OIG.</p> <p>See also Options 4, 28, and 40. The reduction would be in addition to the reduction in Option 4.</p>	\$1,244,190	\$1,244,190	1.0	\$2,159,819	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
17)	Program Contract Reductions	<p>According to the agency: The \$13.9 million General Revenue reduction and associated federal funding revenue loss of \$25.3 million would result in reductions to contracted program services. The reduction would reduce the ability to develop, design and implement managed care oversight enhancements and newly mandated State and Federal Medicaid initiatives through multiple types of contractual services such as Medicaid consultant services, MCO performance and financial audit services, drug use reviews, Medicaid expert witness services and health information studies. In addition, the reduction affect the amount paid to the Claims Administrator to process and adjudicate all claims for Medicaid acute care services that are outside of the scope of capitated arrangements between the MCOs as well as to collect and validate encounter data. These reductions would have to be agreed to by the Claims Administrator. Also, these reductions would have an impact on SNAP Outreach contracts and the Data Broker Services scope of work.</p> <p><i>See also Options 5, 29, and 41. The reduction would be in addition to the reduction in Option 5.</i></p>	\$13,865,872	\$13,865,872	0.0	\$25,338,832	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
18)	TCCO Reductions	<p>According to the agency: These reductions would reduce 2.5 FTEs in FY 2020 with the reduction continued into FY 2021. This baseline reduction would eliminate the funding for 10 civilly committed sexually violent predators that are currently in the Civil Commitment Program. These 10 violent predators would have to be released to their respective communities without completing the required sex offender treatment. This baseline funding reduction would also cap the number of civilly committed sexually violent predators that can be provided treatment by TCCO at 364, thus requiring the early release of additional civilly committed predators (one-for-one), to make room for new commitments by local courts. During the 2020-21 biennium, caseload growth is projected to be 69. This means that 10 current, plus 69 additional (79 total) sexually violent predators would have to be released to their respective communities during the upcoming biennium. As sexually violent predators are released from the confined facility in Littlefield, Texas to their respective communities, additional Case Managers would be needed to supervise and monitor them as required by state law. In addition, the risk to public safety would be significantly increased due to the early release of 79 sexually violent predators.</p> <p><i>See also Option 6, 30, and 42. The reduction would be in addition to the reduction in Option 6.</i></p>	\$815,540	\$815,540	2.5	\$0	2.5%	\$32,962,545	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
19)	Program Services Reductions	<p>According to the agency: The \$6.9 million General Revenue reduction and associated federal funding revenue loss of \$2.3 million would result in reductions to other program services. The Women's Health Program was not exempt from reductions, therefore a potential 10% reduction is included in this schedule. These reductions would also continue the decrease in Regulatory staff training and travel (for staff development, conducting statewide CCL training, processing complaints and conducting surveys, and RCCL inspectors). They may also reduce the timeliness of benefits decisions for clients, may impact Integrated Financial Eligibility and Enrollment contract management and monitoring, and may impact the ability to prevent fraudulent attempts by clients seeking unauthorized benefits.</p> <p><i>See also Options 7, 31, and 43. The reduction would be in addition to the reduction in Option 7.</i></p>	\$6,905,752	\$6,905,752	0.0	\$2,316,118	*	*	No
20)	Administrative Operating Reductions	<p>According to the agency: The \$5.6 million General Revenue reduction and associated federal funding revenue loss of \$18.6 million would affect HHSC's other operating expenses. These continued reductions would have the greatest impact on building maintenance and repairs, building services and utilities, regional administrative services expenses, and IT services.</p> <p>Note: The Option includes a reduction of \$0.1 million in General Revenue and revenue loss of \$0.2 million in Federal Funds related to the OIG.</p> <p><i>See also Options 8, 32, and 44. The reduction would be in addition to the reduction in Option 8.</i></p>	\$5,605,362	\$5,605,362	0.0	\$18,630,789	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
21)	1915(c) Waiver Slot Reductions	<p>According to the agency: The reduction would reduce monthly slots by 970 in FY 2020 and 974 in FY 2021.</p> <p><i>See also Options 9, 33, and 45. The reduction would be in addition to the reduction in Option 9.</i></p>	\$31,879,676	\$31,879,676	0.0	\$49,982,605	*	*	No
22)	Grant, Loan or Pass-through Reductions	<p>According to the agency: The \$5.3 million General Revenue reduction and associated federal funding revenue loss of \$0.5 million would reduce the amount of funding available to Comprehensive Rehabilitation Services, Kidney Health Care, Community Primary Care Services, Child Advocacy Program, Family Violence Services, and would further reduce funding to the Autism Program and to each of the 28 councils of government (COGs)/area agencies on aging (AAAs).</p> <p><i>See also Options 10, 34, and 46. The reduction would be in addition to the reduction in Option 10.</i></p>	\$5,308,886	\$5,308,886	0.0	\$500,000	*	*	No
23)	Close Mental Health Facilities	<p>According to the agency: The \$22.0 million General Revenue reduction would affect mental health facilities by finalizing the close of the mental health component of Rio Grande State Center (55 beds) and continuing the process to close Waco Center for Youth (77 beds).</p> <p><i>See also Option 11, 35, and 47. The reduction would be in addition to the reduction in Option 11.</i></p>	\$21,982,246	\$21,982,246	252.0	\$0	3.0%	\$720,857,823	No
24)	Program Reductions in Force	<p>According to the agency: These reductions would require continued reductions in force in the Guardianship program due to program reductions.</p> <p><i>See also Options 12, 36, and 48. The reduction would be in addition to the reduction in Option 12.</i></p>	\$350,000	\$350,000	3.0	\$0	10.9%	\$3,196,646	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
25)	Salary Savings - Hold FTEs Vacant	<p>According to the agency: The \$2.9 million General Revenue reduction is expected to have a significant impact on the agency's mission. The associated revenue loss in federal funding is \$3.4 million for the biennium. These reductions would impact the level and timeliness of services and support, increase response times, and reduce the number of internal audits and the number of IG investigations. Areas most affected by these reductions are: Office of Inspector General, Rate Analysis, Internal Audit and IT support.</p> <p>Note: The Option includes a reduction of \$0.8 million in General Revenue and revenue loss of \$1.2 million in Federal Funds and 14.0 FTEs related to the OIG.</p> <p>See also Options 1, 13, and 37. The reduction would be in addition to the reductions in Options 1 and 13.</p>	\$2,900,216	\$2,900,216	62.8	\$3,435,061	*	*	No
26)	Program Salary Savings - Hold FTEs Vacant	<p>According to the agency: The \$4.4 million General Revenue reduction and associated federal funding revenue loss of \$6.5 million is expected to have a significant impact on programs by reducing the capacity to oversee and monitor contractors and claims processing, reducing the ability to provide program and policy oversight and monitoring, and affecting the timeliness of reports and services.</p> <p>See also Options 2, 14, and 38. The reduction would be in addition to the reductions in Options 2 and 14.</p>	\$4,414,449	\$4,414,449	110.5	\$6,511,639	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
27)	Delayed or Deferred Capital Projects	<p>According to the agency: The \$1.4 million General Revenue reduction and associated federal funding revenue loss of \$2.4 million would severely limit capability to increase resources such as memory, CPUs and storage.</p> <p><i>See also Options 3, 15, and 39. The reduction would be in addition to the reductions in Options 3 and 15.</i></p>	\$1,384,660	\$1,384,660	0.0	\$2,444,176	0.7%	\$189,719,237	No
28)	Administrative Contract Reductions	<p>According to the agency: The \$0.9 million General Revenue reduction and associated federal funding revenue loss of \$2.6 million would have the greatest affect on IT contracts by reducing staff augmentation contractors who support IT projects and reducing resources to support Procurement projects. These reductions would also decrease services for Human Resources and Payroll Services, and decrease systems support levels.</p> <p>Note: The Option includes a reduction of \$51,228 in General Revenue and revenue loss of \$0.2 million in Federal Funds related to the OIG.</p> <p><i>See also Options 4, 16, and 40. The reduction would be in addition to the reductions in Options 4 and 16.</i></p>	\$885,974	\$885,974	1.0	\$2,571,553	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
29)	Program Contract Reductions	<p>According to the agency: The \$13.8 million General Revenue reduction and associated federal funding revenue loss of \$6.6 million would result in reductions to contracted program services. These reductions would significantly reduce the ability to develop, design and implement newly mandated State and Federal Medicaid initiatives, reduce the ability to oversee and conduct mortality reviews, and reduce the ability to implement enhancements to the Enrollment Broker Contract to support Medicaid and CHIP products. In addition, these reductions would decrease Intellectual Disability Community supports and services to individuals who are on the 1915(c) waiver interest list as well as decrease assistive services while individuals are being enrolled into waiver services or are seeking other Medicaid supports. If these resources are not available to provide necessary local services for maintenance in the community, more individuals may seek emergency services, including institutional placement, because of crises.</p> <p><i>See also Options 5, 17, and 41. The reduction would be in addition to the reductions in Options 5 and 17.</i></p>	\$13,760,674	\$13,760,674	0.0	\$6,564,562	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
30)	TCCO Reductions	<p>According to the agency: The reduction would eliminate the funding for an additional 13 civilly committed sexually violent predators that are currently in the Civil Commitment Program. These 13 violent predators would have to be released to their respective communities without completing the required sex offender treatment. This baseline funding reduction would also cap the number of civilly committed sexually violent predators that can be provided treatment by TCCO at 351, thus requiring the early release of additional civilly committed predators (one-for-one), to make room for new commitments by local courts. During the 2020-21 biennium, caseload growth is projected to be 69. This means that 23 (10+13) current, plus 69 additional (92 total) sexually violent predators would have to be released to their respective communities during the upcoming biennium. As sexually violent predators are released from the confined facility in Littlefield, Texas to their respective communities, additional Case Managers would be needed to supervise and monitor them as required by state law. In addition, the risk to public safety would be significantly increased due to the early release of 92 sexually violent predators.</p> <p><i>See also Options 6, 18, and 42. The reduction would be in addition to the reductions in Options 6 and 18.</i></p>	\$815,540	\$815,540	0.0	\$0	2.5%	\$32,962,545	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
31)	Program Services Reductions	<p>According to the agency: The \$5.8 million General Revenue reduction and associated federal funding revenue loss of \$1.0 million would result in reductions to other program services. The Women's Health Program was not exempt from reductions, therefore a potential 10% reduction is included in this schedule. The other items significantly affected would be reduced Regulatory travel for required inspector training, decreased funding for required visits to residential child care operations, decreased funding for training workshops for regional staff involved in eligibility determination for institutional and/or community services, and reduced funding for on-site audits. These reductions would also reduce funding for Medicaid and CHIP policy, legislation and regulation interpretation, as well as reducing funding for providing guidance and education to providers, managed care organization, advisory committees, advocates, and contractors.</p> <p><i>See also Options 7, 19, and 43. The reduction would be in addition to the reductions in Options 7 and 19.</i></p>	\$5,778,364	\$5,778,364	0.0	\$1,038,859	*	*	No
32)	Administrative Operating Reductions	<p>According to the agency: The \$4.5 million General Revenue reduction and associated federal funding revenue loss of \$11.8 million would affect HHSC's other operating expenses. These continuing reductions would severely impact building maintenance and repairs, building services and utilities payments, regional administrative services expenses, IT services, and Office of Inspector General activities.</p> <p>Note: The Option includes a reduction of \$0.1 million in General Revenue and revenue loss of \$0.1 million in Federal Funds related to the OIG.</p> <p><i>See also Options 8, 20, and 44. The reduction would be in addition to the reductions in Options 8 and 20.</i></p>	\$4,495,297	\$4,495,297	0.0	\$11,755,251	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
33)	1915(c) Waiver Slot Reductions	<p>According to the agency: The reduction would reduce monthly slots by 970 in FY 2020 and 974 in FY 2021.</p> <p><i>See also Options 9, 21, and 45. The reduction would be in addition to the reductions in Options 9 and 21.</i></p>	\$31,879,676	\$31,879,676	0.0	\$49,982,605	*	*	No
34)	Grant, Loan or Pass-through Reductions	<p>According to the agency: This \$4.6 million General Revenue reduction and associated federal funding revenue loss of \$0.5 million would further reduce the amount of funding available to Comprehensive Rehabilitation Services, Kidney Health Care, Community Primary Care Services, Child Advocacy Program, Family Violence Services, and Autism Program and to each of the 28 councils of government (COGs)/area agencies on aging (AAAs).</p> <p><i>See also Options 10, 22, and 46. The reduction would be in addition to the reductions in Options 10 and 22.</i></p>	\$4,642,218	\$4,642,218	0.0	\$500,000	*	*	No
35)	Close Mental Health Facilities	<p>According to the agency: The \$22.0 million General Revenue reduction would affect mental health facilities by continuing the process to close the El Paso Psychiatric Center (74 beds) and finalizing the closing of Waco Center for Youth (77 beds).</p> <p><i>See also Options 11, 23, and 47. The reduction would be in addition to the reductions in Options 11 and 23.</i></p>	\$21,982,244	\$21,982,244	244.0	\$0	3.0%	\$720,857,823	No
36)	Program Reductions in Force	<p>According to the agency: These reductions would require continued reductions in force in the Guardianship program due to program reductions.</p> <p><i>See also Options 12, 24, and 48. The reduction would be in addition to the reductions in Options 12 and 24.</i></p>	\$350,000	\$350,000	3.0	\$0	10.9%	\$3,196,646	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
37)	Salary Savings - Hold FTEs Vacant	<p>According to the agency: The \$1.7 million General Revenue reduction is expected to have a significant impact on the agency's mission. The associated revenue loss in federal funding is \$2.4 million for the biennium. These reductions would severely reduce the number of internal audits, the number of IG investigations and the number of litigation cases pursued. These reductions would also severely reduce positions that are critical to timely and quality review of cost reports for the Long-Term Services and Support programs to ensure HHSC sets reimbursement rates that include only federally allowable costs, which is critical to contain costs for nursing facilities, community services, and other long-term services programs. Areas most affected by these reductions are: Office of Inspector General, Rate Analysis, Internal Audit and IT support.</p> <p>Note: The Option includes a reduction of \$0.8 million in General Revenue and revenue loss of \$1.2 million in Federal Funds and 14.0 FTEs related to the OIG.</p> <p>See also Options 1, 13, and 25. The reduction would be in addition to the reductions in Options 1, 13, and 25.</p>	\$1,747,865	\$1,747,865	37.1	\$2,416,932	*	*	No
38)	Program Salary Savings - Hold FTEs Vacant	<p>According to the agency: The \$3.5 million General Revenue reduction and associated federal funding revenue loss of \$7.0 million is expected to have a severe impact on programs by significantly reducing the capacity to oversee and monitor contractors and claims processing, significantly reducing the ability to provide program and policy oversight and monitoring, and significantly reducing the ability to process complaints and conduct surveys for Health Care Facilities and Community-Based Regulation.</p> <p>See also Options 2, 14, and 26. The reductions would be in addition to the reductions in Options 2, 14, and 26.</p>	\$3,544,251	\$3,544,251	145.0	\$7,047,184	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
39)	Delayed or Deferred Capital Projects	<p>According to the agency: The \$2.5 million General Revenue reduction and associated federal funding revenue loss of \$3.7 million would eliminate the capability to increase resources such as memory, CPUs and storage, reduce the scope of the Regulatory Service System Modernization project for Long-Term Care, significantly limit hardware and software maintenance and support for TIERS datacenter server and storage, and significantly limit software monitoring of TIERS Applications availability and performance.</p> <p><i>See also Options 3, 15, and 27. The reductions would be in addition to the reductions in Options 3, 15, and 27.</i></p>	\$2,500,228	\$2,500,228	0.0	\$3,652,756	1.3%	\$189,719,237	No
40)	Administrative Contract Reductions	<p>According to the agency: The \$1.2 million General Revenue reduction and associated federal funding revenue loss of \$2.2 million would significantly affect IT contracts by reducing staff augmentation contractors who support IT projects and reducing resources to support Procurement projects. These continued reductions would also severely decrease services for Human Resources and Payroll Services, and severely decrease systems support levels.</p> <p>Note: The option includes a reduction of \$51,228 in General Revenue and revenue loss of \$0.2 million in Federal Funds related to the OIG.</p> <p><i>See also Options 4, 16, and 28. The reduction would be in addition to reductions in Options 4, 16, and 28.</i></p>	\$1,249,405	\$1,249,405	0.0	\$2,210,367	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
41)	Program Contract Reductions	<p>According to the agency: The \$27.1 million General Revenue reduction and associated federal funding revenue loss of \$8.9 million would result in reductions to contracted program services. These continued reductions would severely reduce the ability to oversee and conduct mortality reviews, and severely reduce the ability to implement enhancements to the Enrollment Broker Contract to support Medicaid and CHIP products. These reductions would decrease the Eligibility Support Services contract with MAXIMUS, which would impact delivery of contracted services including data collection for Children's Medicaid applications, call center customer service and support, application support, and other services in support of eligibility data collection and determination. In addition, these reductions would decrease Intellectual Disability Community supports and services to individuals who are on the 1915(c) waiver interest list as well as decrease assistive services while individuals are being enrolled into waiver services or are seeking other Medicaid supports. If these resources are not available to provide necessary local services for maintenance in the community, more individuals may seek emergency services, including institutional placement, because of crises. Also, reducing TANF could result in the State not meeting the federally required Maintenance of Effort.</p> <p><i>See also Options 5, 17, and 29. The reduction would be in addition to the reductions in Options 5, 17, and 29.</i></p>	\$27,116,990	\$27,116,990	0.0	\$8,860,470	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
42)	TCCO Reductions	<p>According to the agency: The reduction would eliminate the funding for an additional 13 civilly committed sexually violent predators that are currently in the Civil Commitment Program. These 13 violent predators would have to be released to their respective communities without completing the required sex offender treatment. This baseline funding reduction would also cap the number of civilly committed sexually violent predators that can be provided treatment by TCCO at 338, thus requiring the early release of additional civilly committed predators (one-for-one), to make room for new commitments by local courts. During the 2020-21 biennium, caseload growth is projected to be 69. This means that 36 (10+13+13) current, plus 69 additional (105 total) sexually violent predators would have to be released to their respective communities during the upcoming biennium. As sexually violent predators are released from the confined facility in Littlefield Texas to their respective communities, additional Case Managers would be needed to supervise and monitor them as required by state law. In addition, the risk to public safety would be significantly increased due to the early release of 105 sexually violent predators.</p> <p><i>See also Options 6, 18, and 30. The reduction would be in addition to the reductions in Options 6, 18, and 30.</i></p>	\$815,540	\$815,540	0.0	\$0	2.5%	\$32,962,545	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
43)	Program Services Reductions	<p>According to the agency: The \$5.6 million General Revenue reduction and associated federal funding revenue loss of \$0.6 million would result in reductions to other program services. The Women's Health Program was not exempt from reductions, therefore a potential 10% reduction is included in this schedule. The other items severely affected would be reduced funding for on-site audits, and reduced funding for Medicaid and CHIP policy, legislation and regulation interpretation, and guidance and education to providers, managed care organization, advisory committees, advocates, and contractors.</p> <p><i>See also Options 7, 19, and 31. The reduction would be in addition to reductions in Options 7, 19, and 31.</i></p>	\$5,617,452	\$5,617,452	0.4	\$629,515	*	*	No
44)	Administrative Operating Reductions	<p>According to the agency: The \$5.9 million General Revenue reduction and associated federal funding revenue loss of \$17.2 million would severely affect HHSC's other operating expenses. These continued reductions would severely impact the ability to perform building maintenance and repairs, make building services and utilities payments, pay regional administrative services expenses, and reduce IT services such as Telecommunication Services for 5,555 staff members per year.</p> <p>Note: The Option includes a reduction of \$0.1 million in General Revenue and revenue loss of \$0.1 million in Federal Funds related to the OIG.</p> <p><i>See also Options 8, 20, and 32. The reduction would be in addition to the reductions in Options 8, 20, and 32.</i></p>	\$5,947,269	\$5,947,269	0.0	\$17,151,238	*	*	No
45)	1915(c) Waiver Slot Reductions	<p>According to the agency: The reduction would reduce monthly slots by 970 in FY 2020 and 974 in FY 2021.</p> <p><i>See also Options 9, 21, and 33. The reduction would be in addition to the reductions in Options 9, 21, and 33.</i></p>	\$31,879,676	\$31,879,676	0.0	\$49,982,605	*	*	No

Health and Human Services Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
46)	Grant, Loan or Pass-through Reductions	<p>According to the agency: The \$4.0 million General Revenue reduction and associated federal funding revenue loss of \$0.5 million would significantly further reduce the amount of funding available to Comprehensive Rehabilitation Services, Kidney Health Care, Child Advocacy Program, Family Violence Services, and Autism Program and to each of the 28 councils of government (COGs)/area agencies on aging (AAAs).</p> <p><i>See also Options 10, 22, and 34. The reduction would be in addition to the reductions in Options 10, 22, and 34.</i></p>	\$3,975,552	\$3,975,552	0.0	\$500,000	*	*	No
47)	Close Mental Health Facilities	<p>According to the agency: The \$22.0 million General Revenue reduction would affect mental health facilities by finalizing the closing of the El Paso Psychiatric Center (74 beds).</p> <p><i>See also Options 11, 23, and 35. The reduction would be in addition to the reductions in Options 11, 23, and 35.</i></p>	\$21,982,244	\$21,982,244	262.0	\$0	3.0%	\$720,857,823	No
48)	Program Reductions in Force	<p>According to the agency: The reduction would require continued reductions in force in the Guardianship program due to program reductions.</p> <p><i>See also Options 12, 24, and 36. The reduction would be in addition to the reductions in Options 12, 24, and 36.</i></p>	\$350,000	\$350,000	3.0	\$0	10.9%	\$3,196,646	No

TOTAL, 10% Reduction Options	\$394,327,612	\$394,327,612	1,485.6	\$402,853,269
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Note: This section includes 10 percent reduction options that would impact the Office of Inspector General (OIG). For additional details about OIG, including selected fiscal and policy issues, rider recommendations, and SFR findings, see the presentation titled *Health and Human Services Commission - Office of Inspector General: Summary of Recommendations - House*.



Recent Reports Related to Contracting and Medicaid Managed Care at the Health and Human Services Commission

Overview

- Between February 2017 and February 2019, the State Auditor's Office issued 24 reports related to programs or functions at Article II agencies, including 19 reports related to the Health and Human Services Commission (Commission).
- This presentation will focus on the results of recent audit reports related to the Commission's:
 - Contracting processes and systems.
 - Medicaid Managed Care monitoring processes and audits of Medicaid Managed Care Organizations.



Recent Reports Related to Contracting and Medicaid Managed Care at the Health and Human Services Commission

Recent SAO Reports Related to Contracting and Contracting Systems at the Commission

SAO Report Number	Report Title	Publication Date	Report Ratings
<i>Recent Reports Related to Contracting Processes and Systems at the Commission</i>			
19-028	An Audit Report on The Health and Human Services Commission's System of Contract Operation and Reporting	February 2019	
19-010	An Audit Report on Selected Contracts at the Health and Human Services Commission	November 2018	
18-038	An Audit Report on Scoring and Evaluation of Selected Procurements at the Health and Human Services Commission	July 2018	
18-025	An Audit Report on a Selected Contract at the Department of State Health Services	April 2018	



Recent Reports Related to Contracting and Medicaid Managed Care at the Health and Human Services Commission

Recent SAO Reports Related to Medicaid Managed Care Contract Processes at the Commission and Audits of Managed Care Organizations

SAO Report Number	Report Title	Publication Date	Report Ratings
<i>Recent Reports Related to Medicaid Managed Care at the Commission</i>			
19-025	An Audit Report on Medicaid Managed Care Contract Processes at the Health and Human Services Commission	January 2019	● ● ● ●
19-011	An Audit Report on Amerigroup Texas, Inc. and Amerigroup Insurance Company, a Managed Care Organization	November 2018	● ● ● ●
18-015	An Audit Report on the Health and Human Services Commission's Management of Its Medicaid Managed Care Contract with Superior HealthPlan, Inc. and Superior HealthPlan Network, and Superior's Compliance with Reporting Requirements	January 2018	● ● ● ●
17-025	An Audit Report on HealthSpring Life and Health Insurance Company, Inc., a Medicaid STAR+PLUS Managed Care Organization	February 2017	● ● ● ●
17-007	An Audit Report on Medicaid Managed Care Contract Processes at the Health and Human Services Commission	October 2016	● ● ● ●



Recent Reports Related to Contracting and Medicaid Managed Care at the Health and Human Services Commission

Key Issues: Contracting Audits

Vendor Selection. The Commission did not establish controls necessary to ensure that its evaluation process to award vendor proposals provided reliable, accurate, and complete information. Specifically:

- Award decisions were based on inaccurate evaluation scores. (Report 18-025)
- Vendors' qualifications and experience were not verified. (Report 18-025)
- Purchasing staff were not required to use the standardized evaluation tool developed by the Commission. (Report 18-038)
- Procurement records were missing evaluator scores. (Report 18-038)
- An emergency purchase was improperly used to procure services. (Report 19-010)
- There was a lack of documentation to support the selection of a vendor awarded an emergency purchase. (Report 19-010)



Recent Reports Related to Contracting and Medicaid Managed Care at the Health and Human Services Commission

Key Issues: Contracting Audits

Compliance. The Commission did not comply with certain contract management requirements:

- Contracts and amendments were not reported to oversight entities. (Report 18-025)
- The Commission's legal department was not involved in resolving vendor protests. (Report 19-010)
- Nepotism forms and nondisclosure/conflicts of interest statements were not always completed by staff. (Report 19-010)



Recent Reports Related to Contracting and Medicaid Managed Care at the Health and Human Services Commission

Key Issues: The Commission's Contracting System

Contract Completeness and Accuracy. The Commission lacks effective processes to ensure new contract information in its System of Contract Operation and Reporting (SCOR) is accurate and complete. For example:

- The Commission did not implement adequate controls in CAPPS, such as requiring payments to be associated with a contract or purchase order.
- Contract information in SCOR was not always accurate for new or migrated contracts.
- Contract managers did not upload contract documents to SCOR as required.

Quality Assurance Process. The Commission implemented a quality assurance process to help ensure the accuracy and completeness of certain data in SCOR; however, reliance on the quality assurance process, which identifies errors after they occur, is not sufficient to ensure the accuracy and completeness of SCOR data.



Recent Reports Related to Contracting and Medicaid Managed Care at the Health and Human Services Commission

Key Issues: Managed Care Contract Oversight

Audit Coordination and Performance Audit Corrective Action. The Commission implemented a strategy for managing audit resources and a process for following up on negative performance audit findings as required by Senate Bill 894 (85th Legislature, Regular Session) (S.B. 894).

Performance Audit Risk Assessment. The Commission completed a risk assessment to determine which Managed Care Organizations (MCOs) it would select for upcoming performance audits, but as of November 2018 it had not started the audits.

Agreed-Upon Procedure Engagement Corrective Action. The Commission had not issued any corrective action plans based on agreed-upon procedure engagements.



Recent Reports Related to Contracting and Medicaid Managed Care at the Health and Human Services Commission

Key Issues: Managed Care Contract Oversight

Audit Cost Reimbursement. The Commission developed, documented, and implemented a billing process for MCOs to reimburse the Commission for audit-related services as required by S.B. 894.

External Quality Review Organization Information. The Commission developed a plan to enhance its monitoring of MCOs using external quality review organization (EQRO) information as required by S.B. 894, but it had not implemented that plan.



Recent Reports Related to Contracting and Medicaid Managed Care at the Health and Human Services Commission

Key Issues: Audits of Medicaid Managed Care Organizations

Medical and Prescription Expenses. All three MCOs accurately reported medical and prescription drug claims in its financial statistical report for the fiscal years audited, and paid claims to eligible members. Medical expenses totaled \$3.4 billion. Prescription expenses totaled \$818 million. (Reports 17-025, 18-015, and 19-011)

Administrative Costs. All three MCOs reported unallowable and questioned administrative costs in financial statistical reports that are used to determine experience rebates that the MCOs may owe to the Commission. (Reports 17-025, 18-015, and 19-011)

Compliance Requirements. MCOs generally paid medical and pharmacy providers within required timeframes; however, in some cases, timeliness could be improved. (Reports 17-025, 18-015, and 19-011)



House Bill 1

Dr. Courtney N. Phillips

Executive Commissioner

Trey Wood

Chief Financial Officer

Victoria Ford

Chief Policy Officer & Interim Chief Operating Officer

Stephanie Muth

Medicaid Director and Deputy Executive Commissioner for Medicaid & CHIP Services

February 11, 2019



TEXAS
Health and Human
Services



TEXAS
Health and Human
Services

Presentation Overview

- Mission & Vision
- Agency Overview
- Organizational Chart
- Key Functions
- Critical Budget Issues
- HHSC Request Compared to H.B. 1
- Key Budget Drivers
- Summary of Exceptional Items
- Appendices
 - Appendix A – Exceptional Items in Priority Order
 - Appendix B – Caseload
 - Appendix C – Major Accomplishments
 - Appendix D – Procurement Audits
 - Appendix E – Medicaid Managed Care Audits



TEXAS
Health and Human
Services

Mission & Vision

Our Mission:

- Improving the health, safety, and well-being of Texans with good stewardship of public resources

Our Vision:

- Making a difference in the lives of the people we serve



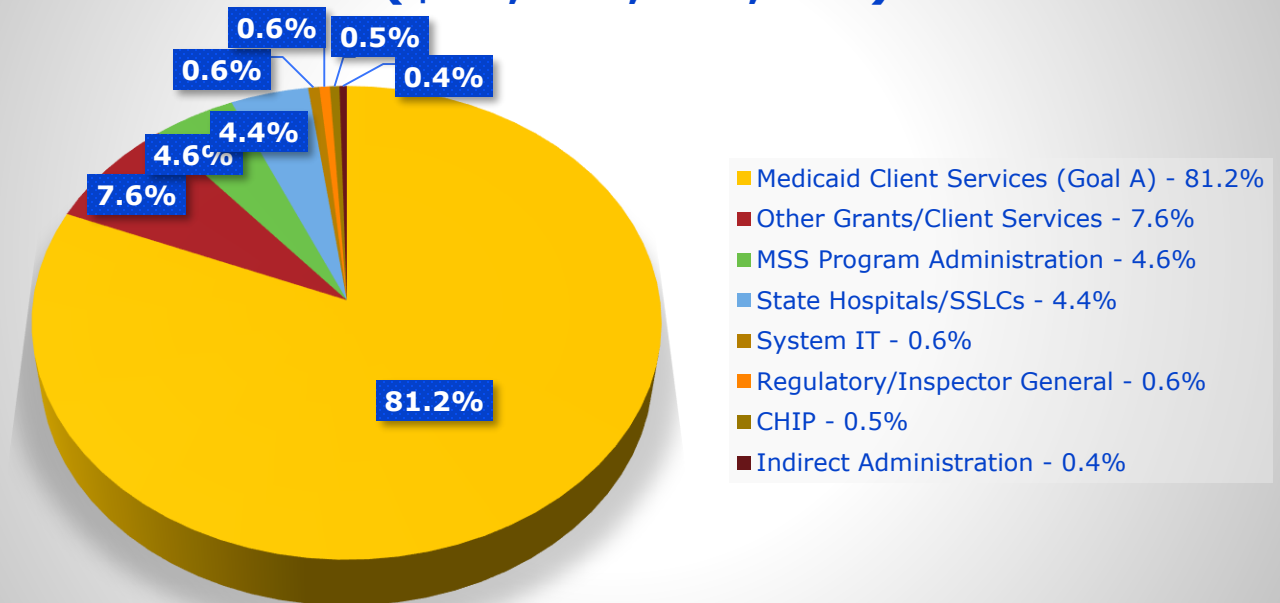
TEXAS
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Services

Agency Overview

- Total FTEs: 39,586

FY 2018-2019 Expended/Budgeted	FY 2020-2021 Requested
\$77,508,766,079	\$77,343,682,930

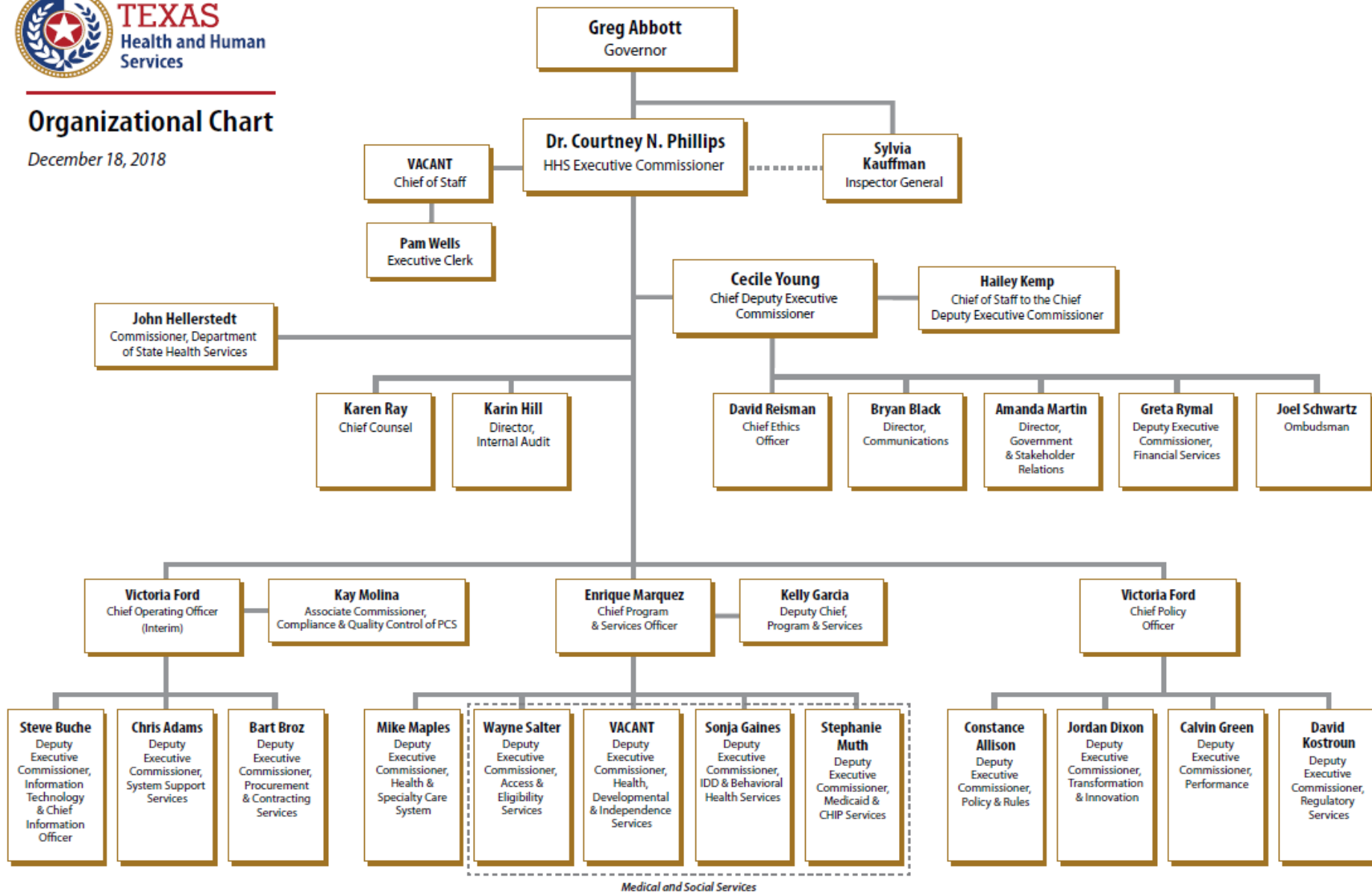
HHSC GR/GRD Appropriations 2018-19 (\$28,680,165,476)





Organizational Chart

December 18, 2018



Medical and Social Services





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Services

Key Functions

- Provides oversight and administrative support for the HHS agencies
- Administers the state's Medicaid and other client services programs
- Provides a comprehensive array of long-term services and supports for people with disabilities and people age 60 and older
- Operates the state's mental health hospitals and state supported living centers
- Regulates healthcare providers, professions, and facilities to protect individuals' health and safety
- Sets policies, defines covered benefits, and determines client eligibility for client services programs



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Critical Budget Issues for Fiscal Year 2019

HHSC projects a net supplemental appropriation need of approximately \$1.9 billion in General Revenue

Supplemental Need	Fiscal Year (FY) 2018-19 (in millions)
Medicaid Acute Care for Full-Benefit Clients	(\$1,206.8)
Medicaid Long-Term Care Entitlement	(\$73.6)
Medicaid Long-Term Care Non-Entitlement	(\$19.9)
Medicaid Other Medical Services	(\$139.4)
Children's Health Insurance Program (CHIP)	\$1.9
Hurricane Harvey	(\$110.0)
Other	(\$301.5)
Total Projected Need	(\$1,849.3)



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Services

Critical Budget Issues, Continued

Impact of H.B. 30, 85th Legislature, 1st Called Session, 2017

	Scenario 1	Scenario 2
Transfer to Teacher Retirement System & Texas Education Agency	(\$563.0)	(\$563.0)
MCO Payment Delay	\$0.0	\$780.0
House Bill 30 Impact	(\$563.0)	\$217.0

Projected HHSC Supplemental Need for FY 2019

- Scenario 1: **(\$2,412.3)**
OR
- Scenario 2: **(\$1,632.3)**

Cash flow projections estimate that HHSC will not be able to make payments to Medicaid providers beginning May 2019



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Services

Summary of House Bill 1

HHSC	LAR Request	House Bill 1
Funding (AF)	\$77.3 Billion	\$77.4 Billion
Funding (GR)	\$30.4 Billion	\$29.3 Billion
FTEs	39,586.2	37,795.6

House Adjustments include GR reductions associated with:

- Changes in Federal Medical Assistance Percentages (FMAP) (Goal A - Medicaid Client Services, State Supported Living Centers (SSLCs))
- Assumption of 1115 Waiver for Healthy Texas Women
- FTE reductions in the Integrated Eligibility and Enrollment (IEE) Appropriation

Medicaid Recipients Per Month included in H.B. 1:

- FY 2020: 4,026,358
- FY 2021: 4,094,589



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Key Budget Drivers

- HHSC projects caseloads to increase by about 1 percent each year of the biennium for Medicaid and 4.5 percent for CHIP
- Medicaid cost growth ranges between 3.2 percent and 5.5 percent each year of the biennium
- Cost growth is impacted by:
 - Utilization trends
 - Benefit changes
 - Population acuity factors
 - Aging and births
 - Evolutionary and revolutionary advances in medicine
- Cost growth for Texas' Medicaid program has averaged a slower rate of increase when compared to national trends



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Exceptional Item Requests

We stand ready to work with the Legislature throughout the budget process

- Over the last year, HHSC completed an extensive review of its most critical needs for the 2020-2021 biennium
- HHSC prioritized and categorized its exceptional item requests into eight buckets
 - Maintain Current Funding for Client Services
 - Address Community Services Needs for Individuals with Intellectual and Developmental Disabilities (IDD)
 - Provide Critical Support, Staffing, and Infrastructure for Procurement and Contracting Oversight Functions
 - Address Capacity Demands for Behavioral Health Services
 - Comply with State and Federal Laws and Regulations
 - Protect Vulnerable Texans
 - Improve Access to Needed Client Services
 - Provide Critical IT Infrastructure and Support
- HHSC solicited and received stakeholder feedback to identify which needs are of the greatest importance to those we serve



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Exceptional Item Requests

H.B. 1 funded the following exceptional item (EI) request:

- #4 – Prevent Loss of Service: partially funded for State Hospitals
- #6 – Expand Capacity at State Hospitals: fully funded
- #11 – Enhance Mental Health Capacity: partially funded
- #29 – Building, Fleet, & Equipment: partially funded for Fleet
- Maintain Service Levels for Mental Health Grant Programs: fully funded (formerly EI #37)
- Pediatric Telemedicine Grant Program for Rural Texas: fully funded (formerly EI #49)



Procurement Audits



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Procurement & Contracting Audit Statistics

Report Name	Auditors	Recs Implemented	Recs Open	Total Recs
Audit of PCS Procurement Processes – July 2018	HHSC IA	13	9	22
Scoring and Evaluation of Selected Procurements at HHSC – July 2018	SAO	6	0	6
Selected Contracts at HHSC – November 2018	SAO	2	4	6
Audit of SCOR – February 2019	SAO	0	4	4
Audit of a Select Contract at DSHS TxEVER – April 2018	SAO	2	2	4



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Procurement & Contracting Improvement Plan (PCIP) Portfolio

Ernst & Young's (EY's) 29 project charters were prioritized and properly sequenced into a balanced, high-impact portfolio of **15 projects** that addresses the most pressing short- and long-term needs of the organization.



Operating Model, Framework, and Infrastructure	Communications	Risk & Workflow	Governance, Policy, & Compliance	Data & Technology
1SD: Sufficient Operating Model ★	19PO: Comprehensive Communication Framework ★	15GR: Risk Management Lines of Defense ★	18SD: Policy Governance ★	2SD: Data Cleansing ★
6PO: Create an Optimized Organization Design for PCS ★	28PO: Employee Engagement Plan	22PP: Redesign Procurement End to End Process ★	13GR: Compliance Monitoring Processes & Controls ★	9TE: Immediate CAPPs Needs
		16GR: Procurement and Contract Risk Assessment	11PP: Update and Refine Procurement and Contract Management Manuals	20PO: Comprehensive Training Programs with consideration for "8TE: Conduct Comprehensive CAPPs and SCOR Training".
		24GR: Develop Review and Approval Workflow	17PM: Standardize Contract Management and Monitoring Practices	

★ – Foundational Projects



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PCIP Timeline

PROCUREMENT AND CONTRACTING IMPROVEMENT PLAN

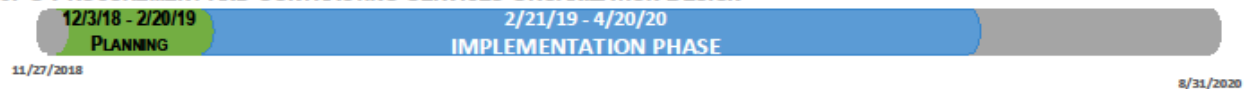
OPERATING MODEL & FRAMEWORK

2/1/19

1SD SUFFICIENT OPERATING MODEL

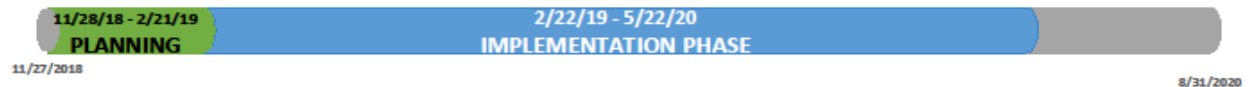


6PO PROCUREMENT AND CONTRACTING SERVICES ORGANIZATION DESIGN



COMMUNICATIONS

19PO COMPREHENSIVE COMMUNICATION FRAMEWORK

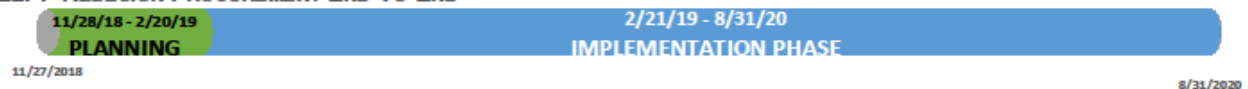


RISK, WORKFLOW, GOVERNANCE, COMPLIANCE & POLICY

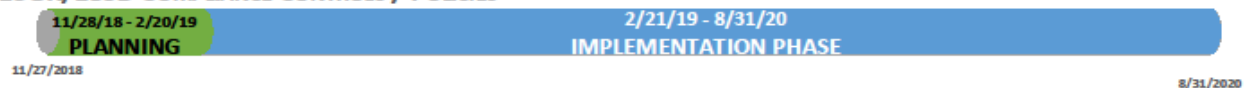
15GR RISK MANAGEMENT – LINES OF DEFENSE



22PP REDESIGN PROCUREMENT END-TO-END



13GR/18SD COMPLIANCE CONTROLS / POLICIES





Medicaid Managed Care Audits



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Key Managed Care Audits

- Medicaid Managed Care Contract Processes at HHSC, SAO 19-025, January 2019
- Medicaid Managed Care Contract Processes at HHSC, SAO 17-007, October 2016
- Amerigroup Texas, Inc. and Amerigroup Insurance Company, a Managed Care Organization, SAO 19-011, November 2018
- HHSC's Management of Its Medicaid Managed Care Contract with Superior HealthPlan, Inc. , SAO 18-015, January 2018
- An Audit Report on HealthSpring Life and Health Insurance Company, Inc., a Medicaid STAR+PLUS Managed Care Organization , SAO 17-025, February 2017



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Summary of Audit Findings

SAO Report 19-025

"The Health and Human Services Commission (Commission) established new processes and controls related to Medicaid managed care contract management processes and made progress toward implementing the requirements of Senate Bill 894 (85th Legislature, Regular Session) (S.B. 894)."



Summary of Audit Findings

SAO Report 19-025

However, the Commission should continue to implement its planned improvements related to:

- Conducting planned performance audits, including audits of pharmacy benefit managers*
- Issuing corrective action plans based on agreed upon procedure (AUP) engagements*
- Monitoring MCOs based on External Quality Review Organization information*



Appendix A

Exceptional Items

Exceptional Item #1



Maintain Medicaid Entitlement Program Cost Growth

- Category: Maintain Current Funding for Client Services
- This request to maintain Medicaid entitlement program cost growth provides for the incremental cost increase in FYs 2020-21 over FY 2019 levels for all acute and long-term services and supports entitlement services
- The baseline request for Medicaid entitlement includes projected caseload growth at FY 2019 average cost

\$ in Billions	Biennium
General Revenue (GR)	\$1.8
All Funds (AF)	\$3.7
FTEs	0.0

Exceptional Item #2



Medicaid Non-Entitlement Program Cost Growth

- Category: Maintain Current Funding for Client Services
- This request would allow HHSC to address growing cost trends for our high need populations and in turn help stem the inability to replace attrition in the waiver programs

\$ in Millions	Biennium
General Revenue (GR)	\$55.0
All Funds (AF)	\$114.4
FTEs	0.0

Exceptional Item #3



Provide Transition to the Community and Reduce Community Program Interest Lists

- Category: Address Community Needs for Individuals with Intellectual and Developmental Disabilities
- This request would fund additional slots to support community transitions and reduce interest lists for the following Medicaid waiver programs: HCS, TxHmL, DBMD, CLASS, MDCP, and STAR+PLUS HCBS

\$ in Millions	Biennium
General Revenue (GR)	\$154.5
All Funds (AF)	\$403.5
FTEs	38.5 (FY 20) 78.1 (FY 21)

Exceptional Item #4



Prevent Loss of Service

- Category: Maintain Current Funding for Client Services
- This request would ensure individuals who currently receive care at State Supported Living Centers (SSLCs) and state hospitals maintain access to care in the 2020-21 biennium
- ***Partially funded in H.B. 1***

\$ in Millions	Biennium*
General Revenue (GR)	\$126.6
All Funds (AF)	\$46.8
FTEs	946.0
*Updated to reflect partial funding in SB 1	

Exceptional Item #5



Maintain ECI Services for Children with Disabilities

- Category: Maintain Current Funding for Client Services
- This request would ensure Early Childhood Intervention (ECI) program is sustainable with the number of children eligible for services, the cost of providing services, and the funding levels needed to retain contractors

\$ in Millions	Biennium
General Revenue (GR)	\$70.7
All Funds (AF)	\$70.7
FTEs	0.0

Exceptional Item #6



Funding Expanded Capacity at Renovated State Hospitals

- Category: Address Capacity Demands for Behavioral Health Services
- This request would provide operations funding renovation projects expected to be completed during the 2020-21 biennium at Kerrville and San Antonio State Hospitals, which will expand capacity by 70 maximum security unit beds and 40 non-maximum security unit beds, respectively
- ***Fully funded in H.B. 1***

\$ in Millions	Biennium
General Revenue (GR)	\$15.5
All Funds (AF)	\$15.5
FTEs	0.0 (FY 20) 378.3 (FY 21)

Exceptional Item #7



Funding State Hospital Planning and Construction

- Category: Address Capacity Demands for Behavioral Health Services
- This request would continue state hospital infrastructure improvements, including pre-planning, planning, and construction for projects defined in *A Comprehensive Plan for State-Funded Inpatient Mental Health Services* or otherwise approved by the Legislature

\$ in Millions	Biennium
General Revenue (GR)	\$ -
All Funds (AF)	\$ -
FTEs	-

Exceptional Item #8



Maintain Funding for Current Women's Health Program Services

- Category: Maintain Current Funding for Client Services
- This request would increase access to family planning and related services administered through three programs at the Health and Human Services Commission (HHSC): Healthy Texas Women (HTW), Family Planning Program (FPP), and Breast and Cervical Cancer Services (BCCS)

\$ in Millions	Biennium
General Revenue (GR)	\$61.9
All Funds (AF)	\$61.9
FTEs	0.0

Exceptional Item #9



Enhance Procurement and Contract Management Functions

- Category: Provide Critical Support, Staffing, and Infrastructure for Procurement and Contract Oversight Functions
- This request would enhance HHSC's procurement, management, and oversight of contracts by providing additional staffing, infrastructure, and support

\$ in Millions	Biennium
General Revenue (GR)	\$45.6
All Funds (AF)	\$66.0
FTEs	242.6

Exceptional Item #10



Maintain Baseline for Access & Eligibility Services

- Category: Maintain Current Funding for Client Services
- This request would restore a portion of the baseline reduction to the Eligibility Operations Frontline staff

\$ in Millions	Biennium
General Revenue (GR)	\$56.0
All Funds (AF)	\$158.1
FTEs	563.0

Exceptional Item #11



Enhance Mental Health Capacity

- Category: Address Capacity Demands for Behavioral Health Services
- This request would expand capacity in community-based outpatient mental health services to address growing demand due to population growth
- ***Partially funded in H.B. 1***

\$ in Millions	Biennium*
General Revenue (GR)	\$43.9
All Funds (AF)	\$47.2
FTEs	0.0

Exceptional Item #12



HHS Telecom Technology Upgrade

- Category: Provide Critical Information Technology Infrastructure and Support
- This request would provide a complete technology upgrade that is necessary to prepare Enterprise telephony platform(s) to effectively support the telecommunications industry's latest communications standard for delivering voice services, as legacy digital service offerings will be retired in 2021; service consolidation is a beneficial byproduct of this change and will result in HHSC's realization of substantial reduction in ongoing operational costs

\$ in Millions	Biennium
General Revenue (GR)	\$5.6
All Funds (AF)	\$6.3
FTEs	0.0

Exceptional Item #13



HHS Information Technology Security

- Category: Comply with State and Federal Laws and Regulations
- This request would fund resources to perform application code scanning, remediation, annual risk assessments and security plan updates
- This request also provides funding to implement software code scanning tools

\$ in Millions	Biennium
General Revenue (GR)	\$21.6
All Funds (AF)	\$31.8
FTEs	25.8 (FY 20) 26.8 (FY 21)

Exceptional Item #14



System-Wide Business Enablement Platform

- Category: Provide Critical Information Technology Infrastructure and Support
- This request would create a shared HHS platform that provides multiple benefits for constituents, the State, and our federal partners, including significant improvements in the efficiency and effectiveness in program operations, continuous system enhancements, and reduced cost for system maintenance

\$ in Millions	Biennium
General Revenue (GR)	\$5.4
All Funds (AF)	\$8.0
FTEs	16.2

Exceptional Item #15



Maintain Baseline for Claims Administrator Support

- Category: Maintain Current Funding for Client Services
- This request would maintain current operations for Texas' Medicaid claims administrator

\$ in Millions	Biennium
General Revenue (GR)	\$30.0
All Funds (AF)	\$60.0
FTEs	0.0

Exceptional Item #16



Recruiting and Retaining a Capable and Competent Workforce

- Category: Improve Access to Needed Client Services
- This request would reduce turnover and vacancy rates at targeted facilities by increasing pay for the direct care staff at SSLCs and state hospitals
- By targeting facilities at greatest risk for capacity reductions or severe overtime and contracting costs related to difficulty recruiting and retaining these positions, it ensures HHSC does not have to reduce service levels (e.g., take psychiatric beds offline)

\$ in Millions	Biennium
General Revenue (GR)	\$54.0
All Funds (AF)	\$76.6
FTEs	0.0

Exceptional Item #17



Comply with Statutory Requirements for IDD System Redesign

- Category: Comply with State and Federal Laws and Regulations
- This request would support technology changes related to the carve-in of long-term services and supports to managed care

\$ in Millions	Biennium
General Revenue (GR)	\$7.4
All Funds (AF)	\$14.8
FTEs	8.1

Exceptional Item #18



Enhance Appeals and Fair Hearings Process for Medicaid Managed Care

- Category: Improve Access to Needed Client Services
- This request would enhance the existing Medicaid managed care appeals and fair hearings process, including the need for additional clinical hearings staff, specialized training for hearings officers, posting hearing decisions online for public access, and implementation of an external medical review process within the current system

\$ in Millions	Biennium
General Revenue (GR)	\$1.4
All Funds (AF)	\$3.5
FTEs	8.1 (FY 20) 3.1 (FY 21)

Exceptional Item #19



SBHCC: Ensure Services for Individuals Experiencing Early Psychosis

- Category: Address Capacity Demands for Behavioral Health Services
- This request would support expansion of Coordinated Specialty Care programs to provide behavioral health services and supports to individuals experiencing an early onset of psychosis

\$ in Millions	Biennium
General Revenue (GR)	\$10.5
All Funds (AF)	\$10.5
FTEs	5.1

Exceptional Item #20



SBHCC: Ensure Access to Residential Treatment Center Beds for Children

- Category: Address Capacity Demands for Behavioral Health Services
- This request would increase the number of residential treatment center beds for children/youth with severe emotional disturbance at risk of parental relinquishment of custody to DFPS

\$ in Millions	Biennium
General Revenue (GR)	\$2.7
All Funds (AF)	\$2.7
FTEs	1.0

Exceptional Item #21



Substance Use Disorder Treatment

- Category: Address Demands for Behavioral Health Services
- This request would fund rate increases for substance use disorder treatment and recovery services for indigent (i.e. non-Medicaid) care and necessary technology changes to incorporate an updated rate structure

\$ in Millions	Biennium
General Revenue (GR)	\$45.8
All Funds (AF)	\$45.8
FTEs	17.8

Exceptional Item #22



SBHCC: Maintain and Expand IDD Crisis Continuum of Care

- Category: Address Community Services Needs for Individuals with Intellectual and Developmental Disabilities
- This request would maintain and expand services and supports to the intellectual and developmental disability (IDD) community crisis continuum of care for individuals with IDD and co-occurring behavioral health diagnoses

\$ in Millions	Biennium
General Revenue (GR)	\$46.4
All Funds (AF)	\$46.4
FTEs	0.0

Exceptional Item #23



Make Necessary Electronic Visit Verification System Improvements

- Category: Comply with State and Federal Laws and Regulations
- This request funds technology changes and operational costs to support electronic visit verification system restructuring efforts and ensure compliance with the 21st Century Cures Act

\$ in Millions	Biennium
General Revenue (GR)	\$17.4
All Funds (AF)	\$64.0
FTEs	5.1

Exceptional Item #24



Improve System Efficiency to Comply with PASRR Requirements

- Category: Comply with State and Federal Laws and Regulations
- This request is to fund one-time improvements to the Long-term Care online portal functionality and preadmission screening and resident review (PASRR) forms
- Automating certain processes will provide better access to care for individuals eligible for specialized services as a result of PASRR, and updated fields and options on the PASRR forms will provide data needed for improved state oversight

\$ in Millions	Biennium
General Revenue (GR)	\$4.3
All Funds (AF)	\$17.1
FTEs	3.1

Exceptional Item #25



Maintain Guardianship Services for Vulnerable Texans

- Category: Maintain Current Funding for Client Services
- This request would fund staff positions for the Guardianship Services Program and increase the reimbursable rate for providing guardianship services for contracted guardianship providers
- The additional staff positions will help meet the demand for current services provided and the growing number of guardianship assignments

\$ in Millions	Biennium
General Revenue (GR)	\$2.1
All Funds (AF)	\$2.1
FTEs	5.1

Exceptional Item #26



Enhancing State Hospital and SSLC Services Through Technology

- Category: Improve Access to Needed Client Services
- This request would improve care for individuals served in SSLCs and state hospitals, as well as business operations, through the application of information technology systems and infrastructure

\$ in Millions	Biennium
General Revenue (GR)	\$31.1
All Funds (AF)	\$31.1
FTEs	1.0

Exceptional Item #27



Improve Capacity for Community Inpatient Psychiatric Services

- Category: Address Capacity Demands for Behavioral Health Services
- This request would enable local mental health authorities to purchase 75 additional psychiatric hospital beds and includes funding for quality monitoring staff, support, and travel

\$ in Millions	Biennium
General Revenue (GR)	\$39.4
All Funds (AF)	\$39.4
FTEs	4.1

Exceptional Item #28



Comply with Federal Requirements for Community Integration for Individuals with Disabilities

- Category: Comply with State and Federal Laws and Regulations
- This request would change the day habilitation service waiver programs for individuals with intellectual and developmental disabilities to comply with federal regulations related to settings for HCBS

\$ in Millions	Biennium
General Revenue (GR)	\$112.2
All Funds (AF)	\$285.5
FTEs	32.6



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Exceptional Item #29

Addressing Major Building, Fleet, and Equipment Failures at State Hospitals and SSLCs

- Category: Protect Vulnerable Texans
- This request ensures the state hospitals and SSLCs can provide services in safe environments that promote well-being of individuals served and meet certification and accreditation standards
- These goals cannot be met without the maintenance and repair of buildings and major equipment, including fleet vehicles and laundry facilities
- ***Partially funded fleet in H.B. 1***

\$ in Millions	Biennium*
General Revenue (GR)	\$42.3
All Funds (AF)	\$279.4
FTEs	8.1
*Updated to reflect partial funding in SB 1	

Exceptional Item #30



Data Center Services

- Category: Comply with State and Federal Laws and Regulations
- This request would allow HHSC to procure upgrade services for approximately 152 servers and system software scheduled to be out-of-support for security upgrades in 2020 and 2021, including up-front costs for new hardware and software, as well as labor resources needed

\$ in Millions	Biennium
General Revenue (GR)	\$22.1
All Funds (AF)	\$33.5
FTEs	48.7 (FY 20) 36.3 (FY 21)

Exceptional Item #31



Performance Management and Analytics System

- Category: Provide Critical Information Technology Infrastructure and Support
- This request will support data-driven decision making and better position HHSC to identify and leverage potential efficiencies within a wide variety of programs and systems. This will result in a variety of benefits including: better outcomes for service recipients; more efficient service delivery; and more effective program regulation

\$ in Millions	Biennium
General Revenue (GR)	\$4.0
All Funds (AF)	\$7.8
FTEs	13.0 (FY 20) 5.0 (FY 21)

Exceptional Item #32



Child Care Licensing New License Type

- Category: Protect Vulnerable Texans
- This request would enhance the Child-Care Licensing Automated Support System (CLASS) to accommodate five new license types created by House Bill 7, 85th Legislature, Regular Session, 2017

\$ in Millions	Biennium
General Revenue (GR)	\$3.7
All Funds (AF)	\$3.7
FTEs	11.7 (FY 20) 5.6 (FY 21)

Exceptional Item #33



Increase Availability of Child Advocacy Services Throughout the State for CASA and CACs

- Category: Improve Access to Needed Client Services
- This request would increase this availability of child advocacy services for Court Appointed Special Advocates (CASA) and Children's Advocacy Centers (CACs)
- Funds will allow CACs to facilitate and strengthen joint investigations of child abuse with Child Protective Services and law enforcement
- Funds will also allow CASA to increase service capacity and reduce disparate service levels statewide

\$ in Millions	Biennium
General Revenue (GR)	\$12.5
All Funds (AF)	\$12.5
FTEs	0.0

Exceptional Item #34



Ensure Sustainability of Home Delivered Meals Program to Support Older Texans

- Category: Improve Access to Needed Client Services
- This request would increase the maximum rate for home delivered meals providers to provide nutrition services to older Texans and individuals with disabilities

\$ in Millions	Biennium
General Revenue (GR)	\$7.8
All Funds (AF)	\$7.8
FTEs	0.0

Exceptional Item #35



Enhance Services for the Family Violence Program

- Category: Improve Access to Needed Client Services
- This request would provide additional funding for emergency shelter and support services to victims and their children, educates the public, and provides prevention support to various agencies

\$ in Millions	Biennium
General Revenue (GR)	\$6.0
All Funds (AF)	\$6.0
FTEs	0.0

Exceptional Item #36



Attendant Wage Increases

- Category: Improve Access to Needed Client Services
- This request would increase the base wage paid to a community attendant from \$8.00 to \$8.50 per hour

\$ in Millions	Biennium
General Revenue (GR)	\$150.0
All Funds (AF)	\$389.4
FTEs	0.0

Exceptional Item #37



Improve Access to Specialty Services for Individuals with Intellectual Disabilities

- Category: Address Community Services Needs for Individuals with Intellectual and Developmental Disabilities
- One-time funds to open and begin operations of clinics at six SSLCs to serve individuals residing in the community

\$ in Millions	Biennium
General Revenue (GR)	\$9.3
All Funds (AF)	\$9.3
FTEs	35.0 (FY 20) 69.7 (FY 21)

Exceptional Item #38



Response to Foster Care Litigation

- Category: Comply with State and Federal Laws and Regulations
- This request would assist HHSC in complying with requirements of a ruling expected from the 5th Circuit in *M.D. by Stukenberg v. Abbott*, a case pertaining to children in foster care

\$ in Millions	Biennium
General Revenue (GR)	\$ -
All Funds (AF)	\$ -
FTEs	-

Exceptional Item #39



Support Medically Complex Individuals with IDD Living in Community Settings

- Category: Address Community Services Needs for Individuals with Intellectual and Developmental Disabilities
- This request would provide funding for high medical needs services in the HCS waiver program and increase access to dental services for certain adults in the waiver

\$ in Millions	Biennium
General Revenue (GR)	\$8.6
All Funds (AF)	\$22.4
FTEs	3.0 (FY 20) 1.0 (FY 21)

Exceptional Item #40



Additional FTEs for Protection of Vulnerable Texans

- Category: Protect Vulnerable Texans
- This request would supply additional FTEs and associated funding, to ensure the effective delivery of regulatory services that protect the health and safety of vulnerable individuals

\$ in Millions	Biennium
General Revenue (GR)	\$12.6
All Funds (AF)	\$12.8
FTEs	87.6

Exceptional Item #41



Enhance Background Checks

- Category: Protect Vulnerable Texans
- This request would provide funding for an automation change to allow Child Care Licensing to comply with the background check requirements of the Child Care Development Block Grant Act of 2014 and ensure continued federal funding

\$ in Millions	Biennium
General Revenue (GR)	\$2.6
All Funds (AF)	\$2.6
FTEs	20.2 (FY 20) 13.1 (FY 21)

Exceptional Item #42



Meet State Requirements to Ensure Quality in Long-Term Facilities

- Category: Comply with State and Federal Laws and Regulations
- This request would provide support staff resources for quality oversight programs for long-term care facilities and replace expiring Money Follows the Person Demonstration funding to continue quality reporting functions for Medicaid 1915(c) waiver programs

\$ in Millions	Biennium
General Revenue (GR)	\$1.3
All Funds (AF)	\$3.3
FTEs	15.2

Exceptional Item #43



Ensure State Oversight of Community Programs for Individuals with Disabilities

- Category: Comply with State and Federal Laws and Regulations
- This request would provide staff and technology resources necessary to comply with federal regulations that require HHSC to analyze, monitor, and conduct appropriate follow-up of critical incident reporting in the CLASS, YES, and DBMD 1915(c) Medicaid waivers, as well as the 1115 STAR+PLUS and STAR Kids waiver programs

\$ in Millions	Biennium
General Revenue (GR)	\$1.7
All Funds (AF)	\$6.0
FTEs	5.1

Exceptional Item #44



SBHCC: Enhance Real-Time Behavioral Health Data Sharing

- Category: Address Capacity Demands for Behavioral Health Services
- This request would support enhanced data sharing between HHSC Mental and Behavioral Health Outpatient Data Warehouse and the Department of Public Safety Texas Law Enforcement Telecommunications System to better track individuals interacting with the public behavioral health and law enforcement systems

\$ in Millions	Biennium
General Revenue (GR)	\$0.4
All Funds (AF)	\$0.4
FTEs	3.0 (FY 20) 0.0 (FY 21)

Exceptional Item #45



Provide Intensive Behavioral Intervention for Children with Autism Spectrum Disorder

- Category: Improve Access to Needed Client Services
- This request would add Intensive Behavioral Intervention as a covered benefit for individuals under age 20 in Texas Medicaid

\$ in Millions	Biennium
General Revenue (GR)	\$75.4
All Funds (AF)	\$192.6
FTEs	0.0

Exceptional Item #46



Comply with State Law to Conduct Mortality Reviews for Individuals with Intellectual and Developmental Disabilities Living in Community Settings

- Category: Comply with State and Federal Laws and Regulations
- This request would provide funding to expand the independent mortality review process to Medicaid 1915(c) waiver programs for individuals with IDD living in community programs

\$ in Millions	Biennium
General Revenue (GR)	\$2.1
All Funds (AF)	\$4.2
FTEs	0.0

Exceptional Item #47



CAPPS HCM and Financial Upgrades

- Category: Provide Critical Support, Staffing, and Infrastructure for Procurement and Contract Oversight Functions
- This request would support: PeopleSoft CAPPS Human Capital Management and Financials system upgrades to comply with the Comptroller of Public Accounts CAPPS Statewide Baseline Consolidated Application Control Environment approach for Hub Agencies; and replace unsupported, legacy Materials and Inventory Management System for state hospitals and SSLCs

\$ in Millions	Biennium
General Revenue (GR)	\$7.6
All Funds (AF)	\$8.5
FTEs	14.3 (FY 20) 20.3 (FY 21)

Exceptional Item #48



Maintain Funding for Housing Navigation and Local Contact Agency Client Services

- Category: Maintain Current Funding for Client Services
- This request would replace federal funding to maintain housing navigation and Local Contact Agency services provided by Aging and Disability Resource Centers, which is currently funded by the Money Follows the Person Demonstration grant

\$ in Millions	Biennium
General Revenue (GR)	\$3.5
All Funds (AF)	\$3.5
FTEs	1.0

Exceptional Item #49



HHSC Seat Management

- Category: Provide Critical Information Technology Infrastructure and Support
- This request would provide end-user computing devices for over 44,000 state staff and contractors statewide
- The established contracts provide agency staff with the technology and maintenance support required to provide critical and ongoing services to the citizens of the state of Texas

\$ in Millions	Biennium
General Revenue (GR)	\$6.3
All Funds (AF)	\$9.8
FTEs	0.0

Exceptional Item #50



HDIS Remediation

- Category: Improve Access to Needed Client Services
- This request would fund an electronic case management system for several HDIS programs in order to improve the ability to have all documentation for consumer records in one system which would assist with processing the delivery of services more efficiently

\$ in Millions	Biennium
General Revenue (GR)	\$1.9
All Funds (AF)	\$1.9
FTEs	0.0

Exceptional Item #51



Ensure PACE Sustainability

- Category: Improve Access to Needed Client Services
- This request would fund cost growth for the three existing sites in the Programs for All-Inclusive Care for the Elderly and fully fund the three expansion sites for the 2020-21 biennium

\$ in Millions	Biennium
General Revenue (GR)	\$8.6
All Funds (AF)	\$21.7
FTEs	1.0

Exceptional Item #52



Protect Assisted Living Facility Residents with Ombudsman Services

- Category: Protect Vulnerable Texans
- This request would fund travel and increase staff hours of the Long-term Care ombudsman to respond to complaints and provide routine visitation to assisted living facility residents at the same frequency as nursing facility residents

\$ in Millions	Biennium
General Revenue (GR)	\$0.7
All Funds (AF)	\$0.7
FTEs	0.0

Exceptional Item



Maintain Service Levels for Mental Health Grant Programs

- Category: Address capacity demands for Behavioral Health Services
- This exceptional item would sustain current mental health grant programs established by the 85th Legislature at fiscal year 2019 funding levels
- ***Funded in H.B. 1***

\$ in Millions	Biennium
General Revenue (GR)	\$-
All Funds (AF)	\$-
FTEs	0.0

Exceptional Item



Pediatric Telemedicine Grant Program for Rural Texas

- Category: Comply with State and Federal Laws and Regulations
- This exceptional item would provide funding to implement a pediatric health tele-connectivity grant program for rural Texas
- ***Funded in H.B. 1***

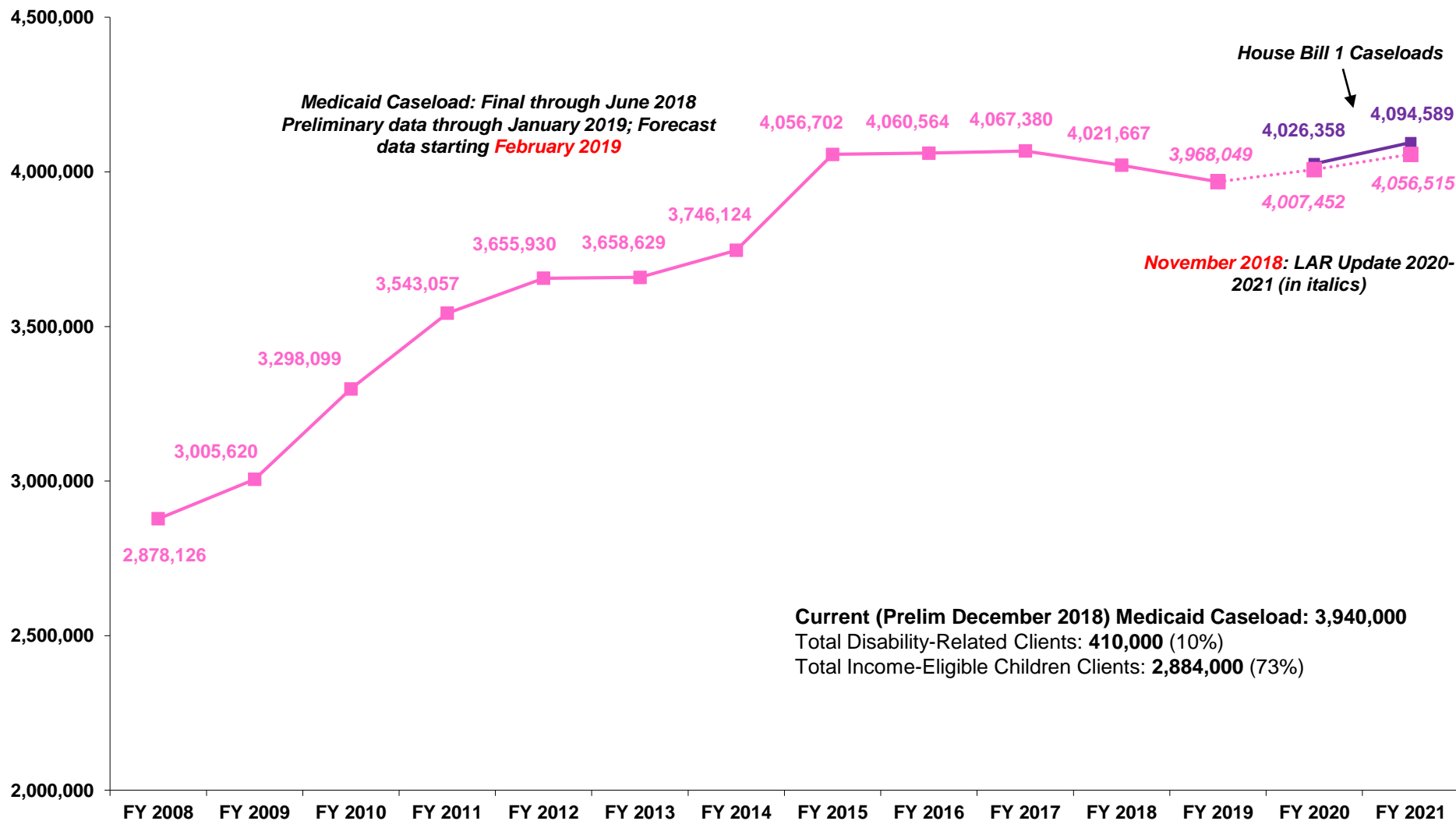
\$ in Millions	Biennium
General Revenue (GR)	\$-
All Funds (AF)	\$-
FTEs	0.0

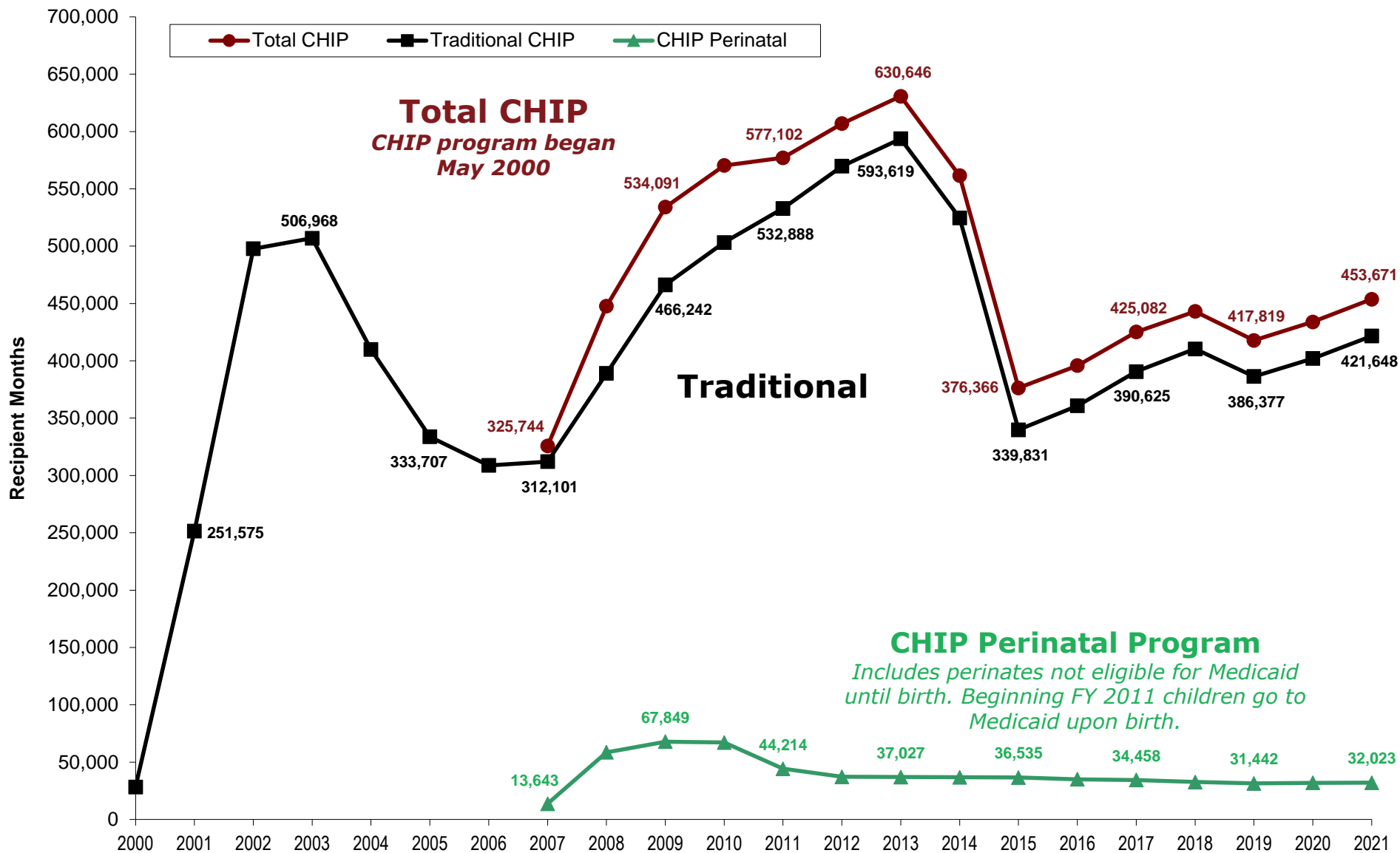


Appendix B

Caseload

Medicaid Total Caseload: Historical and Estimated Caseloads Compared With 86th Legislature, Appropriated Caseloads for Fiscal Years 2008 - 2021





Data for FY 2018 is estimated; FY 2019-21 is projected based on November 2018 forecasts.



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Appendix C

Major Accomplishments



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Major Accomplishments

Transformation

September 1, 2016

- Transferred client services to the Health and Human Services Commission's (HHSC's) new Medical & Social Services Division
- Consolidated most administrative services
- Abolished the Department of Assistive and Rehabilitative Services (DARS) and transferred functions to HHSC

September 1, 2017

- Created the Chief Policy Office, Health & Specialty Care System Division, and Regulatory Services Division
- Consolidated the remaining administrative services
- Abolished the Department of Aging and Disability Services (DADS) and transferred functions to HHSC
- Made the Department of Family and Protective Services (DFPS) a standalone agency, but HHSC continues to provide some administrative services



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Major Accomplishments

HHS System Improvements

- Implemented an efficient and effective centralized system of administrative services to support programs
 - Expanded Information Technology (IT) governance to ensure business needs are met
 - Consolidated DFPS and DSHS IT Help Desks into the HHS Consolidated Help Desk
 - Standardized information security policies
 - Consolidated records management services
- Continued to strengthen contract oversight, improve procurement processes, and reorganize contracting operations following a series of audits
 - Updated the HHS Solicitation Checklist
 - Created a new Compliance and Quality Control function
 - Hired a consultant to assess and re-design current procurement and contracting practices
- Developed and published a new Human Resources policy manual and guidance handbook



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Major Accomplishments

Program and Service Delivery Improvements

- Negotiated a five-year extension for the Medicaid 1115 Transformation Waiver
- Established an on-site operational review process of managed care organizations' (MCOs') compliance with agency policies, practices, and performance standards
- Developed and began implementing the first phase of the Comprehensive Plan for State Funded Inpatient Mental Health Services
- Improved the delivery and coordination of mental health and substance abuse services across the state
- Supported individuals impacted by Hurricane Harvey
 - Provided food benefits to more than 1.6 million eligible individuals, totaling \$550 million
 - Processed over \$400 million in federal Other Needs Assistance grants for eligible disaster survivors
 - Ensured impacted individuals continued to receive Medicaid, behavioral health services, and other HHS services



Appendix D

Procurement Audits



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SAO Audit on Select Contract at DSHS - TxEVER

Recommendations

- Ensure awards are based on accurate scores
- Ensure compliance data center services requirements and/or exemptions
- Ensure compliance with LBB contract reporting for all new contracts and amendments
- Fully document contract monitoring activities and results

All recommendations are complete and will be further developed through implementation of the Procurement and Contracting Improvement Plan



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SAO Audit on Scoring and Evaluations

Recommendations

- Ensure that scoring is accurate and consistent for future procurements
- Ensure staff comply with proper procedures for scoring proposals and resolving outlier scores
- Retain all documentation for each procurement
- Establish a quality control process to ensure compliance with award justification and documentation requirements

All recommendations are complete and will be further developed through implementation of the Procurement and Contracting Improvement Plan



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SAO Audit on Select Contracts

Completed Recommendations

- Ensure compliance with requirements for emergency purchases
- Ensure single response awards complied with all applicable requirements
- Ensure properly documented procurement files (i.e. Nepotism forms and Conflict of Interest Disclosure)
- Report all executed contracts, required certifications, and amendments to the LBB as required

All recommendations are complete and will be further developed through implementation of the Procurement and Contracting Improvement Plan



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SAO Audit on Select Contracts

Open Recommendations

- Ensure compliance with certain enhanced contract monitoring requirements
- Ensure Legal assists with resolving vendor protests
- Establish reasonable cost estimates

Recommendations are partially implemented. Rules are in process for enhanced contract monitoring and vendor protests. CAPPs 2.0 enhancements will require a cost estimate and supporting information.



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SAO Audit on System for Contract Operation and Reporting (SCOR)

Recommendations

- Ensure new contract information is complete and accurate
- Ensure information for migrated contracts is complete and accurate
- Improve sustainability of SCOR quality assurance process
- Improve access control security

Response

- Training on contract set-up and administrative contract maintenance will continue
- Escalate existing reports that identify deficient contract records to executive management
- Develop escalation process for delayed remediation of deficient contract records
- CAPPS 2.0 enhancements will be implemented September 1, 2019 and increase controls to ensure data accuracy for new contracts
- Additional Quality Assurance measures will be implemented to reflect changes as a result of CAPPS 2.0



Appendix E

Medicaid Managed Care Audits



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Audit Findings Performance Audits

HHSC Improved its Use of Audit Activities to Monitor MCOs

- Implemented a strategy for managing audit resources and followed up on negative performance audit findings
- Strengthened processes for performance audits and agreed-upon procedure engagements

Recommendations:

- Implement a performance audit plan, including periodically conducting audits of Pharmacy Benefit Managers (PBMs)
- Implement policies for issuing corrective actions plans
- Ensure it verifies the implementation of corrective action plans



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Management Response Performance Audits

HHSC is implementing its performance audit plan, including audits of Pharmacy Benefit Managers

- The initial round of performance audits based on Senate Bill 894 requirements is expected to be completed in December 2019

MCOs will be subject to available contract remedies for:

- Lack of responsiveness and cooperation
- Lack of compliance with financial requirements of the contract



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Audit Findings

Experience Rebates

HHSC Improved Its Process for Collecting Reimbursements of Costs Related to its Contracted Audit Services and Collecting Experience Rebates

- Implemented a process to seek reimbursement from MCOs for Audit-related costs
- Implemented a process to timely transfer experience rebates, but should resolve its disputes
- The Commission should develop, document and implement a process to timely follow up on and resolve experience rebate claimed by MCOs



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Management Response Experience Rebate

- HHSC process for assessing and handling audit appeals was put into effect January 1, 2019
- The MCO appeal process was documented as an internal procedure on January 17, 2019



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Audit Findings

EQRO

HHSC Developed a Plan to Monitor MCOs Using External Quality Review Organization Information, But It Had Not Yet Implemented That Plan

Recommendations:

- Implement its plan to use the information provided by the EQRO to enhance monitoring of MCOs
- Develop and implement minimum performance standards for the results of Medicaid surveys for the STAR Kids program
- Develop and implement minimum performance standards for the EQRO's encounter data validation results



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Audit Findings EQRO

- HHSC set performance indicator dashboard standards for STAR, STAR+PLUS, STAR Health, CHIP and STAR Kids
 - Indicators for calendar year 2018 were established in November 2017
 - Calendar year 2018 data will be finalized in summer 2019
 - Performance will be assessed and action taken in fall 2019
- HHSC set performance indicator dashboard standards, including member surveys, for STAR KIDS on January 2, 2019
 - Standards apply for calendar year 2019
 - Performance will be assessed and appropriate actions will be taken in fall 2020
- HHSC will hold MCOs accountable to Electronic Data Validation (EDV) standards as data is available
 - EQRO performs dental reviews on even calendar years. MCOs will be required to meet minimum performance standards beginning with 2018 data
 - EQRO performs medical reviews on odd calendar years. MCOs will be required to meet minimum performance standards with calendar year 2019 data



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Audit Finding Superior Audit

The Commission should:

- Adhere to its cost principle that states bonus and incentive payments are unallowable costs for financial statistical reports or amend the cost principles to allow bonus and incentive payments to reflect current business practices

Contracts were amended on May 15, 2018:

- To clarify bonus practices
- To clarify requirements related to affiliate contracting
- To update language regarding regulations on compensation caps

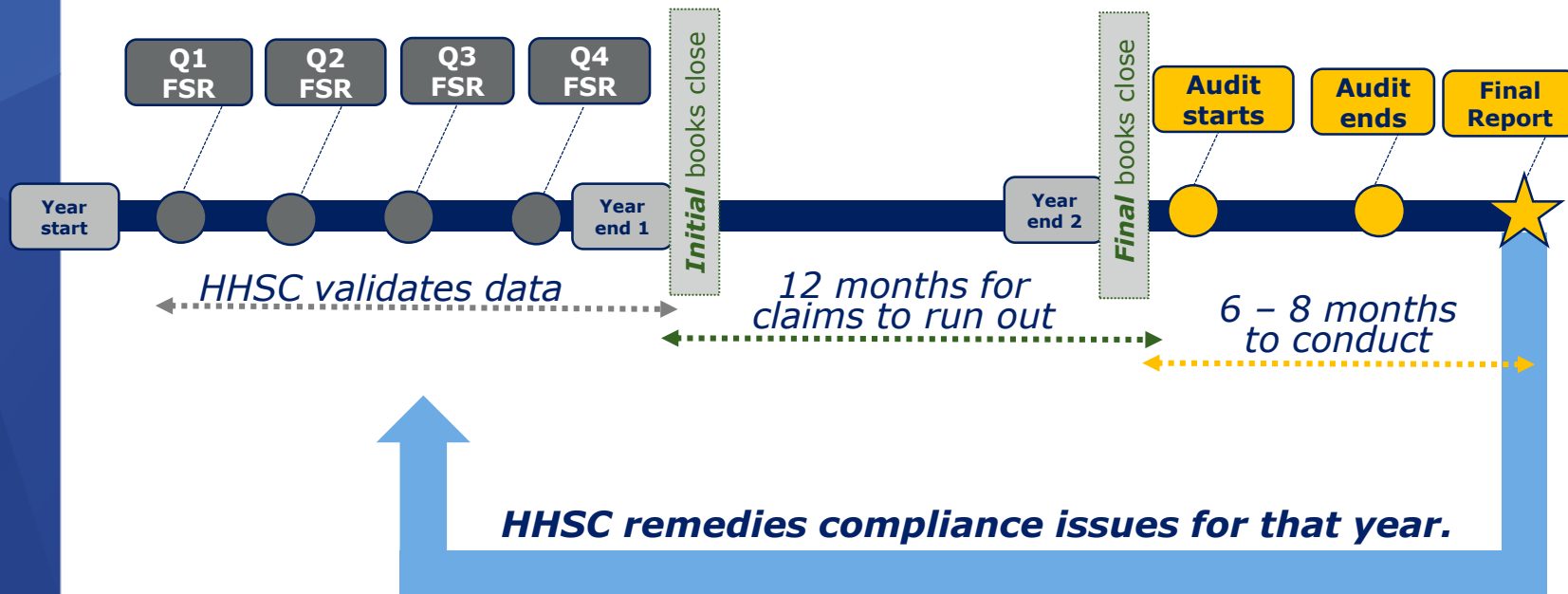


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Financial oversight

Timeline for managing compliance

An 18-20 month audit process post-year end.



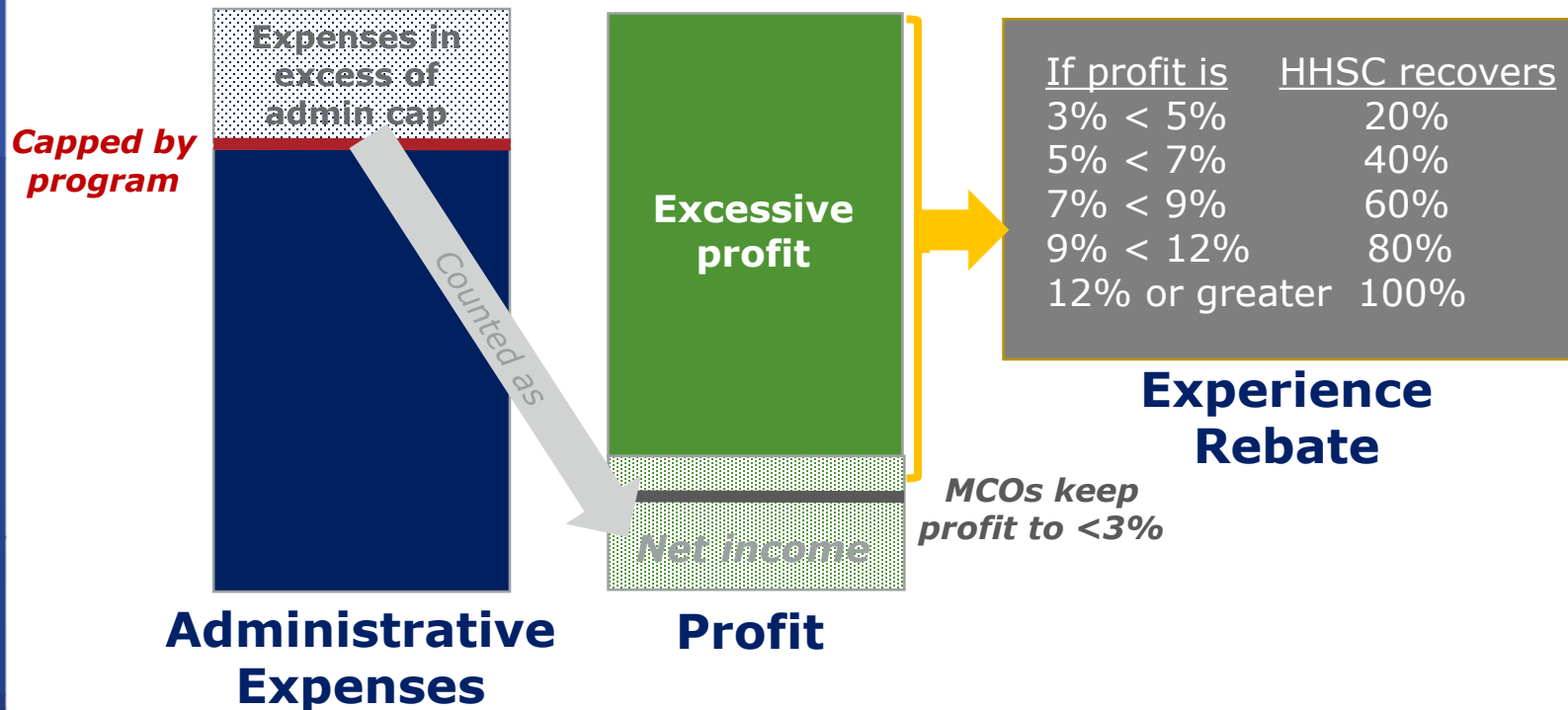


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Contract financial structure

Safeguards to ensure FISCAL responsibility

Major components are caps on administrative expenses, conversions to income, and rebates on excessive profit.





TEXAS CIVIL COMMITMENT OFFICE

MARSHA MCLANE
EXECUTIVE DIRECTOR

House Appropriations Committee Hearing, February 11, 2019: Written Testimony

The Texas Civil Commitment Office (TCCO) is pleased to provide an update of the agency's activities and present our Legislative Appropriations Request (LAR) for your committee's consideration.

OVERVIEW

- TCCO is responsible for providing appropriate and necessary treatment and supervision for sexually violent predators (SVPs).
- TCCO employs Case Managers to provide supervision to SVP clients, including 24/7 real-time GPS tracking for all SVPs outside the confined facility and Tier 1 and 2 SVPs in the confined facility.
- As set forth in SB 1576 during the 85th Legislative Session, TCCO's Case Managers are on a career ladder.
- TCCO contracts with vendors to provide: a confined treatment facility, sex offender treatment and related services, clinical examinations, polygraphs, transportation services, and substance abuse treatment.
- TCCO staff monitors contracts on a routine basis according to the level of risk associated with the contract.
- TCCO operates a tiered treatment program for SVPs. Tiers 1 through 4 take place at the Texas Civil Commitment Center. Tier 5 takes place in the community when the client has been approved for independent living or is in community transitional housing.
- The tiered program is based on individual progress in treatment and behavior. All SVPs are assessed upon arrival to determine proper tier and previous treatment is taken into account.
- Tiers 1 through 4 receive six hours per week of group sex offender treatment and individual sessions quarterly or as needed. Additional programming includes: GED classes, paid therapeutic work program, therapeutic study hall, community meetings, structured recreation, open recreation, AA/NA meetings, and life skills programming.

SVP DEMOGRAPHICS

- SVP age range is 23 to 89 years old with an average age of 55.96 years.
- Six civilly committed sex offenders that no longer had a behavioral abnormality that qualified them for commitment have been released from civil commitment by the court since 2016.
- Three SVPs are currently in Tier 5 independent living. Three additional SVPs were in Tier 5 but were moved back to the confined facility for more intensive supervision and treatment due to regressions in their treatment and/or behavior.
- As of 12/31/2018, there were 471 SVPs from 105 counties throughout Texas; 331 in the community and 140 in prison pending release.

CASELOAD GROWTH

- Between FY 2014 and FY 2018, TCCO's caseload grew by 83% from 174 SVPs to 319 SVPs.
- In FY 2018 there were 32 civil commitment trials; 29 of those people were committed.
- Due to lower commitment numbers, increased cases being dismissed or not committed at trial, and a drop in the number of sex offenders required to be reviewed by the multidisciplinary team, TCCO worked with TDCJ throughout 2018 to conduct a review of the pipeline of inmates eligible to be considered for commitment in order to revamp TCCO's caseload projection model.
- Based on the revised caseload projection model, the number of SVPs who are civilly committed and in TCCO's program is projected to reach 409 in FY 2020 and 444 in FY 2021.

FACILITY CAPACITY

- Based on the caseload growth projections above, the Texas Civil Commitment Center will reach capacity in the second half of FY 2019 at 346 SVPs.
- The current contract for the confined treatment facility does not include the cost of expanding capacity at the existing facility.
- An RFP for additional capacity was published in October 2018 and closes on February 1, 2019.

FUTURE CHALLENGES AND FOCUS POINTS

- Expansion to accommodate caseload growth at either the existing facility or a second location.
- Ongoing focus on contract monitoring and oversight.
- Funding for the rising health care needs and expenses for the aging SVP population.
- Locating community transitional beds and resources for clients reaching Tier 5.

LEGISLATIVE APPROPRIATIONS REQUEST

BASELINE REQUEST:

Our baseline request asks for \$33,086,545 for the biennium to supervise, monitor and treat sexually violent predators (SVPs) that are currently civilly committed. These funds are made up of \$32,962,545 in General Revenue funds and \$124,000 in reimbursements received from SVPs for their housing, treatment and GPS tracking costs as required by Section 841.084 of the Health and Safety Code. Our baseline request retains our 35 authorized FTE's. In addition, TCCO's appropriations request includes four exceptional items. They are:

EXCEPTIONAL ITEMS REQUEST:

1. **Caseload Growth** – This exceptional item requests \$604,366 in FY 2020 and \$1,795,827 in FY 2021 for a total of \$2,400,193 in additional funds for the biennium to pay for the expected growth in the number of individuals committed to the sexually violent predator civil commitment program.

The number of civilly committed Sexually Violent Predators (SVPs) will continue to grow as cases are tried and local courts order the commitment of SVPs. Responsibility for prosecuting civil commitment cases rests with local District Attorneys in the SVP's county of last conviction. TCCO has no control over the number of individuals that are committed each year, but is required by law to provide supervision and treatment. The number of SVPs who are civilly committed into TCCO's program is projected to increase to 409 in FY 2020 and 444 in FY 2021.

2. **Increased Facility Capacity** – This exceptional item requests \$684,638 in FY 2020 and \$1,266,973 in FY 2021 for a total of \$1,951,611 for the biennium to pay for increased capacity to house SVPs. The Texas Civil Commitment Center (TCCC) in Littlefield, Texas is the only confined facility in the state that houses SVPs and it will reach capacity in late FY 2019 at 346 SVPs. In February 2018 TCCO initiated a RFP through the HHSC to explore vendor/facility options to secure additional capacity. TCCO is also exploring the feasibility of increased capacity at the Littlefield facility. We expect that either a second facility or additional capacity at the TCCC will increase costs equivalent to the initial FY 2016 daily per diem rate of \$128.70. Therefore, this exceptional item requests the difference between the initial daily per diem rate of \$128.70 and the current daily per diem rate of \$85.58 (\$43.12) for capacity above 346 SVPs.
3. **Offsite Healthcare for Civilly Committed Sexually Violent Predators** – This exceptional item requests \$267,737 in FY 2020 and \$267,737 in FY 2021 for a total of \$535,474 in additional funds for the biennium to pay for offsite healthcare. The SVP population which continues to grow at the TCCC in Littlefield, average 55 years of age and many require considerable medical care. Our TCCC contract includes an on-site primary health care clinic and covers the first \$25,000 in off-site medical care for each SVP, but it specifically excludes Hepatitis C medications because of their costs. The funds requested in this Exceptional Item would pay for SVP off-site medical care above \$25,000 and Hepatitis C treatment to help ensure that catastrophic medical care does not fall on the taxpayers of a small community which could overwhelm their local indigent care system.
4. **Case Manager Career Ladder** – This exceptional item requests \$19,812 in FY 2020 and \$41,148 in FY 2021 for a total of \$60,960 in additional funds for the biennium to pay for the case manager career ladder. TCCO is required to develop and implement a salary career ladder for its Case Managers based on the Case Manager's classification and years of service with the agency. TCCO's Case Manager Career Ladder provides for an annual salary adjustment to the next higher career ladder pay level within the same salary group. The agency anticipates that the implementation of the TCCO Case Manager Career Ladder will have a positive impact on the recruitment and retention of qualified and experienced Case Management staff and reduce turnover in these critical positions.

I appreciate your consideration of our legislative appropriations request as we work to enhance public safety and protect the citizens of Texas through effective management of the civil commitment program.

Respectfully,



Marsha McLane
Executive Director